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amid today's constant change
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Kentucky's BEST BETS

Business growth throughout Kentucky is critical to the continued expansion of Kentucky's economy and vital to job creation throughout the Commonwealth. In conjunction with The Lane Report, Dean Dorton is proud to recognize the distinct and esteemed companies that are impacting Kentucky's economic expansion through Best Bets 2018!

The Best Bets list is based on several factors including the revenue growth for the last three years, employee investment, capital expansion, addition of new services, and other achievements.



Showcasing the *success* of Kentucky's thriving businesses.

Company	Headquarters	Year Founded
ACE Consulting Company	Nicholasville	2007
Bates Security	Lexington	1984
Country Boy Brewing	Georgetown	2012
ID+A, Inc.	Louisville	1981
Investors Heritage Life Insurance Company	Frankfort	1960
Maverick Insurance Group, LLC	Louisville	2013
PHOENIX Process Equipment Co.	Louisville	1987
SkuVault	Louisville	2011

Congratulations to the 2018 winners!

Look for Kentucky's Proof to hit your mailbox in April, highlighting each of the companies listed above and featuring meaningful insights into what these companies are doing to succeed year after year.



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What does it take to be a good hospital administrator? Every skill in the book! For starters, they must effectively manage one of the largest and well-paid workforces in their communities; keep abreast of diverse, rapidly changing medical treatments and digital technologies; be able to assess which advances their facilities needs to adopt and can afford; foresee coming change, its impact and plan for it; and then providing good service to the patient-customers is literally a matter of life and death.

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Faster Lane

Email news bulletin

Five times a week, the editors of *The Lane Report* publish Faster Lane – email bulletins of fast-breaking and important Kentucky business and economic news. A Corporate Moves newsletter has been added once a week.

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PERSPECTIVE

SLOWER GROWTH IS MORE SUSTAINABLE

Experts: U.S. GDP up 2-2.5% in '19; state at or under 2%

BY MARK GREEN

ECONOMISTS' educated guess is that the Kentucky economy grows roughly another 2 percent in 2019, continuing a slow 10-year expansion.

In 2018, state GDP was \$205.6 billion for all public and private goods and services produced and provided in Kentucky, an overall 1.7 percent increase. That means 2 percent growth equates to another \$4.1 billion goods and services for a total of just under \$210 billion in economic activity.

The bad news is, U.S. GDP growth is expected to be 2.5 percent in 2019, so Kentucky will not perform as strongly as the nation as a whole. The good news, though, is that the commonwealth's urban centers are forecast to grow more than the national rate.

The experts at the University of Kentucky Gatton College of Economic and Business tend toward conservative estimates, which they share at an annual outlook conference that The Lane Report cosponsors.

Jenny Minier, professor of business and public policy and director of UK's Center for Business and Economic Research, said that her best guesstimate for Kentucky GDP growth for 2019 is 1.8 percent – pointing out that it's lower than the U.S. rate but higher than the state's 1.7 percent growth last year.

In a February presentation in Lexington to an audience heavy with bankers attending the 2019 outlook conference, Minier cited as the primary economic pluses for this year the nation's "strong" GDP growth, low unemployment, low inflation and stock market levels that remain historically high. Concerns are low wage growth, increasing federal debt levels and uncertainty about trade policy as well as potential government shutdowns.

The state is diverse. Areas near the major logistics hubs at the Louisville and Northern Kentucky airports are thriving and face running out of land to develop. Areas in Eastern Kentucky, however, continue to truly suffer from the loss of most of their coal jobs – so much so that several counties are experiencing population declines.

The trade, transportation and utilities category has generated the most jobs, both for 2017-18 at 10,300 and for 2015-18 at 27,100. Professional and business services was the No. 2 category in 2017-18, with 6,300 new jobs, reflecting the fact that the long, slow recovery truly accelerated last year on a broad basis. For the three-year period, the next highest categories were education and health services with 8,800 jobs and manufacturing with 8,700 jobs.

As for things to watch this year, Minier's presentation advised monitoring the news on trade policy, including the Trump administration's threat to increase 10 percent tariffs on imports from China to 25 percent; renegotiation of NAFTA because Canada is the largest export destination for Kentucky goods; tariffs on aluminum and steel, which are significant industrial sectors for Kentucky; and whether other nations decide to retaliate.

Nationally, the view from Loretta Mester, president/CEO of the Cleveland Federal Reserve Bank, is for GDP growth that was 3 percent last year to slow in 2019 to somewhere in the range of 2-2.5 percent. Mester, who also presented at the Gatton conference, is one of the members of the Fed's influential Federal Open Market Committee that sets short-term interbank loan interest rates that are the reference point for all other interest-rate financial instruments such as business loans and home mortgages.

Mester said Fed governors are happy with that 2-2.5 percent GDP growth forecast because it should keep the economy close to the federal policy makers' goal of 2 percent price inflation. That means stability in interest rates, which the Fed raised four times in 2018, provoking political consternation and business community angst. Rate hikes – in isolation – increase costs for business investment and mortgages, which decreases returns and economic activity. However, knowing that inflation should remain at about 2 percent decreases uncertainty for business budget planners and managers.

"The most likely outcome is that the (U.S.) economic expansion will continue this year, with growth moving down to a more sustainable pace," Mester said. ■



Mark Green is executive editor of The Lane Report. He can be reached at mark@lanereport.com.

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FAST LANE

A compilation of economic news from across Kentucky

WESTERN KENTUCKY

5 KENTUCKY BANKS FORM \$125 MILLION INVESTMENT FUND TO SUPPORT P3 INFRASTRUCTURE PROJECTS



The Lewis and Clark Bridge, which connects Louisville and Utica, Ind., is a prime example of a successful P3 project. The project was named a winner of the 2017 National Public-Private Partnerships Awards.

FIVE Kentucky-based banks have launched an investment fund to provide debt financing to public-private partnership (P3) projects throughout Kentucky. The institutions launching the \$125 million **Western Kentucky Infrastructure Fund (WKIF)** include: **Field & Main Bank, The Paducah Bank & Trust Co., Security Bank & Trust Co. of Tennessee, Stock Yards Bank & Trust Co. and Traditional Bank Inc.**

Kentucky's P3 legislation was signed into law in 2016, giving the commonwealth one of the broadest and most

comprehensive P3 laws in the country. The law established a process that allows local governments to partner with private firms to finance and build capital projects that might not otherwise be possible. In P3 projects, revenue generated from the projects themselves is generally the primary source of funding used to repay the upfront capital loaned to construct the public infrastructure.

WKIF is being managed by Jake Schirmer, manager of **Commonwealth Infrastructure Fund**, a similar fund serving Central Kentucky that was launched in 2017. WKIF will provide debt financing critically needed at both the state and local levels for projects such as the repair and replacement of roads and bridges, water and sewer systems, and social infrastructure projects such as student housing, treatment centers and charter schools.

"Kentucky's community banks are the first in the nation to launch funds that will help finance public-private infrastructure projects through local banks. We recognize the immense value for our state in pooling our resources to help move these critical P3 projects forward," said William Alverson, CEO of Traditional Bank.

PIKEVILLE

ENERBLU SUSPENDS PLANS FOR \$372 MILLION BATTERY PLANT THAT WAS TO HAVE CREATED NEARLY 900 JOBS

ENERBLU Inc. has suspended plans to build a \$372 million battery cell manufacturing plant in Pikeville's Kentucky Enterprise Industrial Park after the company's primary investor withdrew support.



The unnamed investor had identified EnerBlu's technologies and development plan as the ideal fit for its solar generation development plans. As plans began to move forward however, it was discovered that the proposed 400-acre site, located on a reclaimed coal mine, would require an additional \$30 million in soil work to make the project feasible. As a result of those projections, the investor decided to withdraw.

Plans for the facility – which was to produce lithium titanate batteries that could operate in extreme temperatures – were announced in late 2017 along with the promise of nearly 900 new jobs. At that time, company officials hoped to have the plant operating by 2020.

As the company now shifts directions, the leadership has been reorganized, with John Thomas being named as the new chief executive officer. Thomas, who previously served as EnerBlu's chief product officer, was the original program leader of the Tesla Model S vehicle and factory teams.

"Eastern Kentucky holds a tremendous opportunity for manufacturers, especially with their available skilled workforce, low cost and development of sites," Thomas said. "As we move forward as a company to

STATE

KENTUCKY AG OFFICIALS OK MORE FARMS, ACRES FOR INDUSTRIAL HEMP

THE Kentucky Department of Agriculture has approved 1,035 applications to cultivate up to 42,086 acres of **industrial hemp** in 2019, along with 2.9 million s.f. of greenhouse space for hemp cultivation.

"The numbers tell you what you need to know about the excitement about hemp in Kentucky," Agriculture Commissioner Ryan Quarles said. "The growth in the number of approved acres from 16,000 last year to 42,000 this year shows that Kentucky is rapidly becoming the epicenter of the hemp industry in the United States. With



Abby Laub photo

the passage of the 2018 Farm Bill, we believe Kentucky is ready to lead as the nation begins the process of transitioning to commercialization of a crop that connects our past to our future."

The 2018 Farm Bill removed industrial hemp from the federal Controlled Substances Act, gives hemp growers access to federal programs such as crop insurance, and assigns primary regulatory authority of industrial hemp to the states.

The KDA received a total of 1,115 applications. Several universities will also carry out additional research projects in 2019.

develop a viable and impactful project, we encourage other companies to discover what we found within this region of Appalachia. We have experienced an incredible level of support from the leadership of the City of Pikeville; the contribution of the economic development executives was off the charts; universities, local electric utilities, and state and federal leaders did everything to pave the way."

EnerBlu's team is continuing its plans to bring electric vehicles and grid storage products to market, utilizing both lithium titanate chemistry and advanced power electronics.

"EnerBlu is currently working with the assistance of **Citibank** on a revised plan that would require a lower capital investment, without compromising the potential mid- and long-term future of the company," Thomas said. "This is not the end; but a change in direction that we are confident will lead to a prosperous future for EnerBlu in Kentucky."

STATE

KENTUCKYONE HEALTH REBRANDS; NOW OPERATING AS CHI SAINT JOSEPH HEALTH



The Sisters of Charity of Nazareth in Kentucky founded Saint Joseph Hospital in Lexington in 1877.

CHI Saint Joseph Health will replace the **KentuckyOne Health** name as part of a new vision and strategic plan to focus operations in central and eastern Kentucky.

Though the organization is moving forward under a new name, said CHI Saint Joseph Health CEO and market leader Bruce Tassin, the new name is reflective of

its long history. **Saint Joseph Hospital** was Lexington's first hospital, established in 1877 by the **Sisters of Charity of Nazareth** in Kentucky. In 1996, the Sisters of Charity of Nazareth was one of four Catholic health-care systems that joined to form **Catholic Health Initiatives (CHI)**. In 2012, the **Saint Joseph Health System** merged with **Jewish Hospital** and **St. Mary's HealthCare** in Louisville to form **KentuckyOne Health**, creating the state's largest health system.

However, in 2017 KentuckyOne Health announced that it would transition ownership of its Louisville operations to focus on operations in Central and Eastern Kentucky. The organization is currently in negotiations to sell its facilities in the Louisville region, which include: **Jewish Hospital**, **Frazier Rehab Institute**, **Sts. Mary & Elizabeth Hospital**, **Medical Center Jewish East**, **Medical Center Jewish South**, **Medical Center Jewish Southwest**, **Medical Center Jewish Northeast**, **Jewish Hospital Shelbyville**, and **KentuckyOne Health Medical Group** provider practices in Louisville.

STATE

'LISTENING TOUR' OFFERS FORUM FOR INPUT ON KENTUCKY EDUCATION ISSUES

COUNCIL on Postsecondary Education President Aaron Thompson has launched a statewide 'listening tour' to engage students, community and business representatives, and educators in conversations about issues impacting college access, student success, workforce quality and transitions to careers.

Thompson's first two stops were held at the **Eastern Kentucky University-Manchester** campus on Feb. 1 and **Murray State University** on Feb. 19-20. Five more stops are scheduled through May: **Owensboro Community and Technical College** (March 4-5), **Western Kentucky University** (April 17-18), **Kentucky State University** (May 7-8), **Morehead State University** (May 14-15) and the **University of Louisville** (May 28-29).

Thompson will engage other regions of the state in conversations this fall. Listening sessions will be scheduled at the colleges of the Kentucky Community and Technical College System, independent institutions, as well as the remaining public four-year campuses.

For more information, visit cpe.ky.gov/listeningtour.



Aaron Thompson, President, Council on Postsecondary Education

BUSINESS BRIEFS

BOWLING GREEN

■ The **National Corvette Museum (NCM)** has purchased an additional 208 acres of land adjoining the **NCM Motorsports Park**. NCM Executive Director Wendell Strode said that while there are no immediate plans for the land, the museum wanted to secure space for future expansion. In the meantime, the property will continue to be utilized for farming. Commercial property is currently available at the track, with a business park planned for the 10.6 acres of land at the entrance to the facility. The NCM Motorsports Park is working with the **Bowling Green Area Chamber of Commerce** to identify businesses that would complement the operations of the track, offering space for lease. Customizable spaces range in size from 8,000 s.f. to 18,000 s.f.

EDGEWOOD

■ The **Orthopaedic Institute at St. Elizabeth**, a partnership between **St. Elizabeth Healthcare**, **St. Elizabeth Physicians** and **OrthoCincy Orthopaedics & Sports Medicine**, has launched an injury prevention program featuring the region's first database of injuries sustained by high school student-athletes, broken down by school, team, sport and gender. As injuries occur, athletic trainers – provided at no cost by St. Elizabeth and stationed at 23 participating high schools across Campbell, Kenton, Grant and Boone County – will input the data into the program. At each sports season's end, they will analyze the data to identify trends and determine causes of injuries. The student-athlete injury data will only be accessible to the Orthopaedic Institute's medical personnel.

ERLANGER

■ Travelers flying in and out of the **Cincinnati/Northern Kentucky International Airport** now have access to a quiet, private space to conduct business while they wait on their flight. The airport has installed two **Jabbrrbox** units in Concourse B, home to **Delta** and **American Airlines**. Each unit is equipped with a desk, charging outlets for electronic devices and Wi-Fi access.



ELIZABETHTOWN

■ **Stiles, Carter & Associates CPAs** has merged with **ARGI** to offer expanded financial services for the Central Kentucky region. Louisville-based ARGI opened its Elizabethtown office in 2016 to provide personal and business financial services to the Hardin County area. Stiles, Carter & Associates has been providing tax and accounting services to clients in the area for more than 40 years and merged with Bardstown CPA firm **Blandford & McCubbins** in 2016. ARGI, which has nine offices in five states, and Stiles, Carter will initially continue to operate out of their individual offices and under their current names.



FRANKFORT

■ **Buffalo Trace** set a new record for visitors in 2018, with more than 231,500 guests. The figure represents a 15 percent increase over 2017 and a 345 percent increase since 2010. The landmark distillery is in the midst of a \$1.2 billion investment to expand its distilling and aging capabilities and enlarge its visitor center for

the second time in four years to accommodate the increasing number of guests. The distillery also offers an interactive virtual tour (buffalotracevirtualtour.com).

HEBRON

■ **Allegiant** has announced plans to begin offering nonstop flight service between the **Cincinnati/Northern Kentucky International Airport** and **Norfolk International Airport (ORF)**. The new service is slated to begin June 7, 2019, and will operate twice weekly.

BUSINESS BRIEFS



LEITCHFIELD

■ **OFS Brands Holding Inc.** is investing \$1 million to expand its furniture manufacturing plant in Leitchfield and plans to add 105 full-time jobs to its existing 33-member staff to support the expansion. The project involves adding a new production line, facility improvements and new equipment. The company, which

specializes in furniture for the office, health care, education and hospitality sectors, has seen an increasing demand for ergonomic, mechanically operated seating throughout the U.S. and globally. The expansion of the Leitchfield facility will nearly double its operational output and allow the company to produce two new products to meet customer demand.

LEXINGTON

■ **Baptist Health Lexington** has become the first hospital in the state to be awarded cardiac cath lab accreditation with PCI (percutaneous coronary intervention) by the **American College Cardiology**. PCI, also known as coronary angioplasty, is a nonsurgical procedure that opens narrowed or blocked arteries with a balloon to relieve symptoms of heart disease or reduce heart damage during or after a heart attack.

■ A team of **University of Kentucky** researchers led by Stuart Jarrett and Dr. John D'Orazio has discovered specific protein interactions that may help cells resist ultraviolet (UV) damage and carcinogenesis that can lead to melanoma. As the deadliest form of skin cancer, melanoma affects nearly 80,000 individuals each year. Kentucky ranks among the top 10 states in the country for rates of diagnosed melanoma and is in the top five for melanoma deaths. Although it's common knowledge that sun damage is a risk factor for melanoma, incidence rates for the aggressive cancer have been on the rise for decades.

■ Lexington engineering firm **ECSI** has merged with **Synterra Corp.**, a South Carolina-based science and engineering consulting firm. "With ECSI recently acquiring the geotechnical capabilities of the **Bowser-Morner** Lexington office, our combined groups can now offer a complete engineering and science-based package," said ECSI President and CEO Steve Gardner. The combined company will operate as Synterra. In addition to its Greenville, S.C., and Lexington offices, the company has locations in Pikeville, Charlotte and Birmingham.



■ A record number of passengers traveled through Lexington's **Blue Grass Airport** in 2018, with 1,361,080 total passengers coming in or out of Central Kentucky's primary airport. The numbers represent a 3.4 increase over 2017 figures and the seventh consecutive year of record-breaking statistics. Airport officials attributed the growth to additional flights being added by **Allegiant, American, Delta** and **United**, among other factors.

■ Lexington-based fast-food chain **A&W** has launched a new franchise growth program with reduced royalties to celebrate its upcoming centennial. Known for its freshly made root beer and hamburgers, the company has nearly 1,000 restaurants worldwide, with more than 600 across the United States. Since 2011, A&W has been owned by franchisees. As part of the **Second Century Growth Initiative**, a new franchise training center is planned.



■ **Windstream** has announced that its **Kinetic Business** fiber internet service, which features speeds of up to 1 gigabit per second, is now available to more than 11,200 commercial locations in Lexington, with the opportunity to expand further. The service is part of the first wave of 1 Gig internet expansion nationally that represents an \$8.5 million investment impacting 100,000 businesses in 16 states. The Kinetic Business suite of services includes high-speed internet, unified voice services and network security solutions for businesses.

STATE

LATEST STUDY SHOWS BOURBON POURS \$8.6B ANNUALLY INTO STATE'S ECONOMY

THE results of a recent study show that **Kentucky's bourbon industry** now pours \$8.6 billion each year into the state's economy, generates more than 20,100 jobs with an annual payroll of over \$1 billion, and provides \$235 million in local and state tax revenue.

The study – conducted by economists Paul Coomes and Barry Kornstein in conjunction with the **Kentucky Distillers Association** – noted that over the last decade, the number of distilleries across the state has more than tripled and the number of counties with a distillery has quadrupled to 32.

And there's more....the industry is in the midst of a \$2.3 billion building boom to meet what seems to be an insatiable demand for all things bourbon. That next amber wave of investments is projected to create 1,800 new jobs, \$70 million in payroll and \$8.4 million in tax revenue.

As the industry has grown, so have industry wages: the average salary for distillery employees is now \$94,899, up from \$77,000 a decade ago.



WURLAND

DROPBOX WINS FEDERAL CONTRACT FOR UNITS THAT DETECT NUCLEAR MATERIALS



DropBox specializes in products engineered and manufactured from steel shipping containers.

DROPBOX Inc., a Worthington-based shipping container modification and customization company, has received a \$2.15 million contract from the **U.S. Department of Homeland Security** that is expected to create up to 30 full-time jobs at the company's facility in nearby Wurland.

The contract calls for DropBox to build container-based scanning units to detect nuclear materials entering U.S. ports. They will be installed at **Maher Terminals** in Elizabeth, N.J., to scan incoming shipping containers for dirty bombs or other potential weapons of mass destruction. Company leaders anticipate additional contracts could be awarded in the future to outfit ports throughout the U.S. with the new technology.

As part of the project, company leaders invested approximately \$3 million to buy its facility in Wurland, which it previously leased since 2016. DropBox also will purchase new equipment to fulfill the project requirements.

The contract has been nearly a decade in the making, and comes in response to 2010 data that indicated only 5 percent of all overseas shipping containers entering the U.S. were scanned for radioactive material. Currently, inspection of incoming containers is labor intensive and can cause significant delays at high-traffic ports. The current system requires containers to be targeted individually for inspection and scanned manually with wands. DropBox's units will streamline the process by allowing both the straddle carrier and shipping container to pass through the unit's high-tech, automated scanner tunnel on their way to their designated railroad car or truck.

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BUSINESS BRIEFS

LOUISVILLE

■ A new coworking space has opened in downtown New Albany (Ind.) to provide a collaborative workspace where “doers, thinkers and creatives can implement their ideas,” according to a release announcing the opening. **The Root** is located in a historic building that has been renovated to include 14 offices, three conference rooms and an open-floor concept to encourage collaboration among the members.

■ **Turning Point Brands**, a Louisville-based company that specializes in tobacco products and tobacco alternatives, has formed a new company and wholly-owned subsidiary that will be dedicated to the development, production and sale of alternative products. The creation of **Nu-X Ventures** “underscores our move into rapidly growing and emerging markets, such as the CBD industry,” said Turning Point President and CEO Larry Wexler. “Nu-X Ventures will put us on the leading ledge of the booming alternative markets.” Turning Point veteran Graham Purdy has been named president of the new company.



Norton photo

■ **Norton Children's Hospital** has opened a new \$12 million medical/surgical unit that adds 24 more beds for children with respiratory, gastrointestinal and neurological diseases, and those recovering from a variety of surgical procedures. The 31,000-s.f. space, which encompasses the entire sixth floor, is part of Norton's \$78.3 million investment to renovate several areas of the children's hospital. With the medical/surgical unit complete, work is now underway on the **Jennifer Lawrence Cardiac Intensive**

Care Unit. Other areas to be renovated include the “Just for Kids” critical care center and two neonatal intensive care units. The entire project will be completed in 2021.

■ **LJB Inc.**, one of the largest engineering firms in the Dayton, Ohio, area, has acquired Louisville-based engineering and surveying firm **Evans/Griffin**. LJB CEO Rod Sommer lauded the “technical knowledge and relationships fostered by Evans/Griffin since their founding in 1987,” and said the acquisition will bolster LJB's national presence by providing geospatial and site-design services for a variety of private and public-sector clients. According to the *Dayton Business Journal*, LJB has 125 employees in offices in Kentucky, Michigan, Missouri, North Carolina, Ohio, Texas and Washington, D.C.

■ **Louisville International Airport** has been renamed **Louisville Muhammad Ali International Airport** to honor the world-renowned boxing champion who was born in Louisville. Noting Ali's “legacy of humanitarianism and athleticism that has inspired billions of people,” Louisville Mayor Greg Fischer said it was fitting that the city rename the airport to honor Ali. 2018 was a banner year for the airport, logging the second-best year on record for enplanements with nearly 1.94 million departing passengers.

■ Louisville-based **SentryHealth** (formerly **Edumedics**) has announced a five-year agreement with **Johns Hopkins HealthCare** to be an authorized distributor and worksite provider of employee health programs developed by Johns Hopkins Medicine. SentryHealth spun out of the **University of Louisville's** Office of Technology Transfer in 2011 to address the high cost of employee health care for self-insured employers. Using a data-driven and technology-enabled approach, SentryHealth addresses the employee health issues that are associated with more than 70 percent of medical spending. SentryHealth currently serves clients in locations throughout the Midwest.



■ Indianapolis-based public accounting and consulting firm **Katz, Sapper & Miller** has expanded its footprint with the opening of a new office in Louisville. The Louisville office is the fifth location for the firm, which in addition to its Indianapolis headquarters has locations in Fort Wayne, Ind.; Oklahoma City and New York City.

DANVILLE

BCTC DANVILLE BEGINS WORK ON NEW ADVANCED MANUFACTURING CENTER

BLUEGRASS Community and Technical College (BCTC) Danville has reached the financial milestones needed to begin work on a new state-of-the-art **Advanced Manufacturing Center** that will equip students with the skills needed for by today's employers.

BCTC photo



In 2016, BCTC was awarded more than \$2.7 million through a Kentucky Work Ready Skills Initiative grant to help build the \$4.8 million advanced manufacturing center on the Danville campus. However, a key component of the Kentucky Work Ready Skills Initiative involves a local match and commitment to the project. BCTC contributed just over \$1.1 million to the project, leaving \$1 million to be provided by the local community. In late January, the final \$78,000 was committed to reach the \$1 million goal.

Currently, three academic programs – advanced manufacturing technology (AMT), electrical technology and industrial maintenance technology – are operating at capacity. The additional space will expand the newly implemented AMT program and the electrical and industrial maintenance program by doubling their annual capacity and increasing the number of annual program graduates from 38 to 76.

The Advanced Manufacturing Center will have a high bay, open-lab concept consistent with workplaces in the manufacturing field. Four additional classrooms will surround the open lab, providing space for instruction, student projects, meeting space and other instructional-related activities.

STATE

KENTUCKY EXPANDS FUNDING FOR SMALL BUSINESSES INTERESTED IN EXPORTING

ELIGIBLE Kentucky small businesses can now receive even more funding to help them begin exporting or expanding their export market through the **State Trade Expansion Program (STEP)**.

Each company selected may now receive up to \$10,000 in grant funding, twice the amount available the past several years. Businesses previously awarded a \$5,000 grant in the FY2018 cycle, now have an additional \$5,000 to use by Sept. 29.

STEP grants provide businesses reimbursement for a variety of trade-related costs, including travel expenses, market research and matchmaking, translation services, export education, trade advisory services, compliance, international marketing media design and other associated costs.

Kentucky awarded nearly \$240,000 in STEP grants to 68 businesses throughout 2018. Kentucky small-business owners are encouraged to apply now for STEP grants, as this year's grant cycle began in October 2018. No deadline for 2019 applications has been set, but the sooner businesses apply, the more time they will have to use their grant money. Funds are available on a first-come, first-served basis.

Approximately \$700,000 in funding is currently available to help boost international sales of Kentucky's more than 340,000 small businesses, which make up 96.5 percent of all businesses in the commonwealth and employ nearly 700,000 Kentuckians. Around \$300,000 of FY2018's funding remains available, combined with about \$400,000 for the current FY2019. For more information, visit KyExports.com.



Jenny Wiley State Resort Park is one of numerous state park lodges slated to receive upgrades in the latest round of improvements to the park system.

STATE

KENTUCKY STATE PARKS SLATED TO GET ADDITIONAL \$20M IN FACILITY UPGRADES

KENTUCKY is investing an additional \$20 million to continue upgrading its **state park system**. The funding represents the second phase of the commonwealth's "Refreshing the Finest" initiative, which kicked off in 2016 with \$18 million in maintenance and operational improvements.

The second phase of improvements will include replacing roofs on state park lodges, upgrading campgrounds, repairing wastewater treatment plants, fixing swimming pools and other facility repairs. All 17 resort parks will receive hospitality upgrades that include items such as new furniture, flooring, paint, fixtures and paint.

As a result of the initial \$18 million "Refreshing the Finest" investment, some 133 projects are nearly complete. According to state figures, the improvements have helped to significantly increase business among Kentucky's state parks, yielding a \$7.6 million revenue boost in 2018 compared to 2016.

BUSINESS BRIEFS

LOUISVILLE

■ The **University of Louisville** is launching an online master of business administration (MBA) program, beginning in the fall 2019 semester. The new program is designed for working professionals and includes an optional 10-day international study trip, electives and certificate opportunities in areas such as franchise management. The program can be completed in five semesters or less.

■ **Galen College of Nursing** will begin offering a master of science in nursing with a specialization in nursing education in the fall of 2019. The program will prepare graduates to teach in academic settings, as well as to lead and support staff development and continuing education within clinical facilities. The online MSN nurse educator track will be 36 semester credits that can be completed in 14 months, with courses offered over eight-week terms.

Galen photo



■ **Google Fiber** has announced that it is withdrawing from the Louisville market and will officially discontinue its high-speed internet service there effective April 15. The company launched in Louisville in 2017 and experimented with a number of new techniques in the market, including placing fiber in much shallower trenches than it has done elsewhere. However, the project encountered challenges that would require rebuilding the entire Louisville network, which company officials say is not a feasible business decision. While disappointed in the decision, Metro Louisville officials noted that both **AT&T** and **Spectrum** have increased their investment in the Louisville market to provide options for gigabit-speed internet access.



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BUSINESS BRIEFS

MOREHEAD

■ Officials at **Morehead State University** have announced plans to freeze campus housing rates for next year. MSU President Jay Morgan said that despite decreased state funding, the university is committed to looking for ways “to make higher education as affordable as possible to as many students as possible.”



Sargent and Greenleaf photo

NICHOLASVILLE

■ **OpenGate Capital**, a global private equity firm, has signed an agreement to acquire Nicholasville-based **Sargent and Greenleaf** from **Stanley Black & Decker** for an undisclosed price. S&G, founded in 1857, specializes in high-security mechanical and electronic locks for safes, vaults, safe-deposit boxes and highly sensitive environments. The company employs approximately 120 people worldwide.

PIKEVILLE

■ **Community Trust Bank** was recently honored for the 10th consecutive year with the “Gold Lender Award” by the **United States Small Business Administration**, in recognition of the Pikeville-based bank being Kentucky’s top-volume SBA7a community bank lender. During the 2017–2018 federal fiscal year, Community Trust Bank had 59 new SBA 7a loans authorized for nearly \$7 million. “We plan to continue to use all lending tools available to help small businesses grow stronger and to create jobs in the communities we serve,” said Terry Spears, SBA small business banking officer for Community Trust.

STATE

■ The **Kentucky Transportation Cabinet (KYTC)** has partnered with seven other states to launch a **regional truck parking information management system (TPIMS)** for commercial drivers to improve the safety and efficiency of the region’s freight network. “Safe, convenient parking is crucial for commercial drivers who spend long stretches of time on the road,” said KYTC State Highway Engineer Andy Barber. “TPIMS will help truckers locate open spaces in safe, appropriate lots found on popular travel corridors to discourage drivers from parking on highway shoulders, off ramps, or at abandoned facilities that can compromise safety and deteriorate roads.” The multi-state project is financed by a \$25 million federal BUILD (formerly TIGER) grant and \$3.6 million in collective state funds.



■ Kentucky has introduced a new benefit to state employees who are caring for children with learning, social/behavior challenges, or developmental disabilities. **Rethink**, a new mental health resource, allows parents to utilize live teleconsultations with behavioral experts and provides access more than 1,300 “how-to” videos, webinars, and printable resources on a variety of topics. Rethink also offers parents individualized lesson plans for homeschooling and topics to discuss with teachers and children.



We want to know what’s going on at your company!

If you have news to share with Kentucky’s business community, please forward your press releases and photos/logos/graphics to editorial@lanereport.com. In order to reproduce well, images must be large enough to publish in high resolution (300 dpi).



LOUISVILLE

GLI HOT & FAST AWARDS RECOGNIZE 12 INNOVATIVE COMPANIES TO WATCH

ENTERPRISECORP has announced the recipients of its 2019 Hot & Fast Innovation Awards, recognizing 12 companies that are the early-stage innovators and fast-growth companies in the Greater Louisville area.

EnterpriseCorp is the entrepreneurial arm of **Greater Louisville Inc. (GLI)**, the region’s economic development organization.

The criteria used in the selection of the six Hot Companies included being a technology-based company that is using innovation to differentiate themselves in the marketplace, and incorporating some level of intellectual property into their innovation. Each has already gained customer traction as an indication of early adoption and is currently in or has had successful equity raises.

The criteria used to select the six Fast Companies included being a high-growth company that is increasing their revenue by at least 20 percent annually for three years or more, starting from a revenue base of at least \$1 million.

Hot Companies

Autymate: Provides a software platform to help businesses automate workflows and generate custom dashboards and reports.

BehaVR: Creates digital therapeutics for behavioral health using virtual reality to help people better cope with stress and adverse life events that manifest in chronic pain, addiction, anxiety, depression and higher medical costs due to chronic illness.

Dry Baby: Manufactures liquid- and stain-repellent infant apparel.

Podchaser: A data source and discovery solution for podcasts.

RCM Brain: Uses artificial intelligence and bot automation to accurately manage claim and payment transactions between health-care providers and insurance payers.

Xooker: A hyper-local mobile advertising suite of services that incorporates mobile games for local merchants and restaurants to attract and reward consumers via their mobile devices. Xooker’s platform includes mobile coupons, deals, loyalty cards, rewards, charity fundraising and more.



BehaVR

Fast Companies

HANDLE: HANDLE makes it easy to source health-care supplies and equipment in one place and list any excess product or end-of-life equipment that is ready to be sold.



HMS Global Maritime

HMS Global Maritime: Founded and managed by maritime professionals, HMS Global Maritime has become one of the industry’s premiere passenger vessel and marine management firms.

Rabbit Hole Spirits: A Kentucky-based bourbon and whiskey distiller inspired by modern approaches to whiskey making.

Schedule It: Specializes in automating routing, mapping, scheduling, and file-note completion for property insurance adjusters.

Venminder: A market leader in third-party risk-management solutions, Venminder’s software organizes all things vendor-related and guides users through contract management, risk assessments, due diligence requirements, questionnaires and more. They also assess cybersecurity, information security, business continuity/disaster recovery and financial health.

Wicked Sheets: Offers moisture wicking and cooling sheets for night sweats and hot flashes that are free of dyes, bleaching agents, and chemicals that can cause skin irritation.

I'M RIGHT HERE.

NORTHERN KENTUCKY: A CENTER FOR HEALTH INNOVATION & SOLUTIONS

St. Elizabeth leading the region toward good health



By: Garren Colvin,
President and Chief
Executive Officer of
St. Elizabeth
Healthcare

Picture yourself living in a vibrant town – where people are relatively healthy and fit. Cancer and heart disease rates are low. You get preventive healthcare. If you have substance use disorder or a behavioral health illness, you have access to intensive therapy. If you have a physical disease, you get new, innovative medical treatments.

At St. Elizabeth Healthcare, that's our vision for Northern Kentucky. We want to lead the region to become one of the healthiest communities in America.

Sound ambitious? Sure, but the entire St. Elizabeth team is already working toward that vision each day by providing comprehensive, compassionate care for our patients. And, we are seeing this success daily within our hospitals and physician offices.

When we opened the St. Elizabeth Heart & Vascular Institute in 2015, we set an ambitious goal to reduce heart-related deaths in Northern Kentucky by 25 percent by 2025, and we are on pace to achieve this important goal. Improvements in patients' lifestyle choices, prevention strategies, and treatment options have contributed to our heart patients living longer and enjoying more time with their families and friends.

So, what's next? We have several major strategies in the works – all designed to tackle Northern Kentucky's most pressing health issues.

HERE ARE SOME HIGHLIGHTS:

A New, Comprehensive Cancer Center

To combat our region's high cancer rates and help residents live longer, we have broken ground on our new, state-of-the-art cancer center, right on the St. Elizabeth Edgewood campus. We're building a place where patients can receive comprehensive services under one roof – diagnosis, leading-edge treatments, psychological and pastoral care, nutritional and financial counseling, and access to more nationally recognized research trials. There's no need for patients to travel and seek cancer care elsewhere.

Right now, roughly 5 percent of our patients are in clinical trials for many types of cancer, including breast, colon, lung, ovarian and uterine cancers. In our new cancer center, we hope that as many as 20 percent of our patients will take advantage of new treatment options through clinical trials. When patients are involved in research, they get new medications, devices and treatments faster.

Markey Cancer Center Affiliate Network

To bolster our quest to fight cancer, St. Elizabeth joined the University of Kentucky Markey Cancer Center Affiliate Network. The UK Markey Cancer Center is one of the leading cancer care and research centers in the country. Markey is designated as a "cancer center" by the National Cancer Institute (NCI), and patients have access to new drugs, treatment options and clinical trials offered only at NCI centers.

University of Kentucky Medical School on Northern Kentucky University's Campus

Kentucky is dealing with a shortage of physicians right now, particularly primary care physicians. To help address the shortage, St. Elizabeth is partnering with the University of Kentucky and Northern Kentucky University to create a regional medical school program on the NKU campus. St. Elizabeth has provided a gift of \$2.5 million to support a tuition scholarship for the new program at NKU, which will begin in fall 2019.

Activating Hope and Establishing Successful Links to Treatment

At St. Elizabeth, it is our goal to integrate a trauma-informed and recovery-oriented medical response for substance use disorder across the healthcare system and within our community. St. Elizabeth Physicians opened the Journey Recovery Center, a 12,000-square-foot facility that is solely dedicated to bringing additional resources to combat substance use disorder. This center was created in conjunction with the Hazelden Betty Ford Foundation's 12-step programming and focuses on several addiction treatments, including alcohol, opioids, narcotics and more.

To help patients and families who are struggling with behavioral health and/or substance use disorder, St. Elizabeth has partnered with SUN Behavioral Health to open a new, 197-bed short-term inpatient treatment facility. This is significant because the facility allows us to give patients highly specialized and personalized care that they desperately need for depression, substance dependency and other behavioral health issues.

Leading Northern Kentucky to Good Health

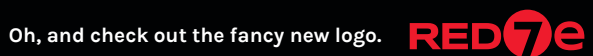
As St. Elizabeth Healthcare leads the region to become a healthy community – one of the healthiest in America – something else will happen. Northern Kentucky will become known as a center for good health and a destination for innovative medical solutions. That's a reputation worth working for.

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As **Red7e** celebrates its 20th year, we rededicate ourselves to the principle that nobody ever bored anybody into buying anything.



Oh, and check out the fancy new logo.



INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Patrick Industries Inc.**, an Elkhart, Ind.-company that produces components and building products, has acquired **LaSalle Bristol** for \$54 million. LaSalle Bristol, also headquartered in Elkhart, supplies plumbing, flooring, tile, lighting and other building products to the manufactured housing (MH), recreational vehicle (RV) and industrial markets. Patrick CEO Todd Cleveland said the acquisition “provides an excellent opportunity to.... increase our content per unit within the MH and RV markets.”



Eli Lilly Co. photo

■ Indianapolis-based pharmaceutical giant **Eli Lilly Co.** has announced an agreement to acquire **Loxo Oncology** for \$8 billion, a deal that represents the largest and latest in a series of transactions to broaden Lilly's cancer-treatment efforts. Loxo Oncology is developing a pipeline of targeted medicines focused on cancers that are uniquely dependent on single-gene abnormalities that can be detected by

genomic testing. For patients with cancers that harbor these genomic alterations, a targeted medicine could have the potential to treat the cancer with dramatic effect.

■ **Saturn Petcare**, one of the largest private-label pet food manufacturers in Europe, is investing more than \$38 million to establish its first United States facility in Terre Haute, Ind., where it expects to employ 200 people by 2024. The Germany-based company is renovating an existing 350,000-s.f. facility that will initially house production of wet pet food for cats and dogs. Production is expected to begin in June 2020.

OHIO

■ **Formica Group**, the Cincinnati-based company that invented laminate in 1913 and remains a leader in surfacing solutions, has been sold to **Broadview Industries** for \$840 million. Broadview is a Netherlands-based industrial firm with a significant presence in high-pressure laminate and associated product lines. Formica currently employs approximately 500 people in the Cincinnati area, and no change to staffing or local leadership is expected as a result of the acquisition.



■ **NEX Transport Inc.** is adding a new facility in Bellefontaine, Ohio, that will create 200 new jobs. The company originally began as a warehousing operation that primarily serviced the automotive industry in East Liberty, Ohio, and has grown to include kitting, sequencing and component deliveries. NEX now has more than 800 employees and handles over 4 million components monthly, shipping to 13 countries.

TENNESSEE

■ Nashville-based **Tivity Health Inc.**, a provider of fitness and health-improvement programs, has announced plans to acquire national weight-loss company **Nutrisystem** in a deal valued at \$1.3 billion. Tivity sees the acquisition as the opportunity to offer an integrated portfolio of fitness, nutrition and social solutions to support overall health and wellness. Tivity's programs include SilverSneakers, Prime Fitness, WholeHealth Living and flip50. Tivity plans to maintain all existing Nutrisystem brands as well as its Pennsylvania headquarters location.



■ **BAE Systems** has received a U.S. Army contract to design, build and commission a natural gas-fired steam facility at **Holston Army Ammunition Plant** in Kingsport, Tenn. The project, which has a total value of \$158 million, will replace an existing coal-fired power supply and will significantly reduce the facility's environmental footprint once the new natural gas plant is commissioned. The estimated completion date is late 2021.

TENNESSEE

VOLKSWAGEN HIRING 1,000 FOR \$800M ELECTRIC CAR PLANT IN CHATTANOOGA



VW photo

The first electric car to roll off the production line in Chattanooga will be the ID. CROZZ SUV model. Volkswagen will also offer the ID. BUZZ in North America, the reinterpretation of the legendary VW bus. Both cars are part of Volkswagen's new ID. family.

VOLKSWAGEN AG has announced that Chattanooga will be home to the company's first electric vehicle (EV) manufacturing facility in North America. The \$800 million project will create 1,000 new jobs for the area.

The plant will produce vehicles using the company's modular electric toolkit chassis, or MEB. The first Volkswagen

electric vehicle is expected to roll out in 2022.

In addition to Chattanooga, Volkswagen is building the first dedicated EV production facility in Zwickau, Germany, and will also add EV production at facilities in China in 2020, and in the German cities of Emden and Hanover by 2022. The VW brand has forecasted selling 150,000 EVs by 2020 worldwide, increasing that number to 1 million by 2025.

Volkswagen's existing Chattanooga plant, which employs approximately 2,000 people, opened in 2011 and currently builds the midsize **Atlas** SUV and **Passat** sedan. In March 2018, the company announced an additional investment of \$340 million in Chattanooga to build the five-seat version of the Atlas – the **Atlas Cross Sport** – which will begin production later this year.

INDIANA

CATALENT LAUNCHES \$100M EXPANSION OF BLOOMINGTON BIOLOGICS OPERATIONS

CATALENT Inc., a provider of advanced delivery technologies and development solutions for drugs, biologics and consumer health products, is investing more than \$100 million to expand its biologics manufacturing operations in Bloomington, Ind.

Catalent, which acquired **Cook Pharmica** in 2017, operates an 875,000-s.f. facility in Bloomington. The operation has deep expertise in sterile formulation and extensive biomanufacturing and drug product fill/finish capacity across liquid and lyophilized vials, prefilled syringes, and cartridges.

The expansion will grow the site's packaging capabilities and manufacturing capacity to support its customers' clinical pipeline and commercial launches, adding five new packaging suites and a new quality control laboratory. Construction is due to be completed in April 2019, with installation and commissioning of new equipment to be phased throughout the year.

As part of the expansion, Catalent plans to add another 200 jobs by the end of 2024. The company currently employs a staff of 900.

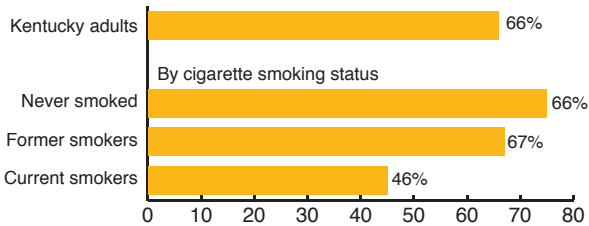


Catalent's Bloomington facility provides clinical and commercial bulk drug substance and drug product manufacturing, including liquid and lyophilized vials, and prefilled syringes.

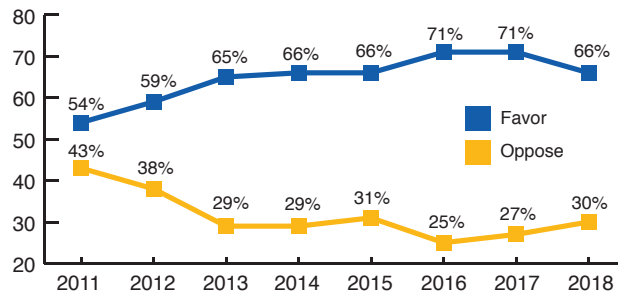
KENTUCKIANS' VIEWS ON SMOKING

A majority of Kentucky adults continue to favor both adopting a statewide smoke-free law and changing current laws to raise the legal age to purchase tobacco from 18 to 21 years, according to the latest Kentucky Health Issues Poll report. A statewide smoke-free law would prohibit smoking in public places, including workplaces, public buildings, offices, restaurants and bars throughout Kentucky. Majority support for the laws is found across all political parties and has held steady in recent years, the study found.

PERCENTAGE OF KENTUCKY ADULTS WHO FAVOR STATEWIDE SMOKE-FREE LAW



WOULD YOU FAVOR A STATE LAW THAT WOULD PROHIBIT SMOKING IN MOST PUBLIC PLACES?

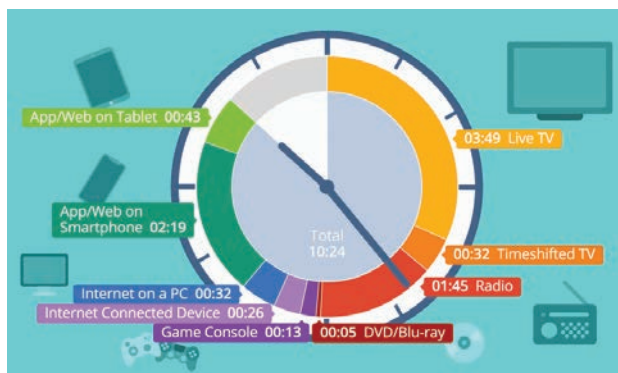


Source: MidAmerica Nazarene University

AMERICA'S MEDIA USAGE

It's no secret that people spend a lot of time with their smartphones and other electronic gadgets these days. How much time that actually is, however, is astonishing nonetheless: According to Nielsen's latest Total Audience Report, Americans aged 18 and older spend roughly 10.5 hours a day watching TV, listening to the radio or using their smartphones and other electronic devices.

MEDIA USAGE AMOUNTS TO 10+ HOURS A DAY

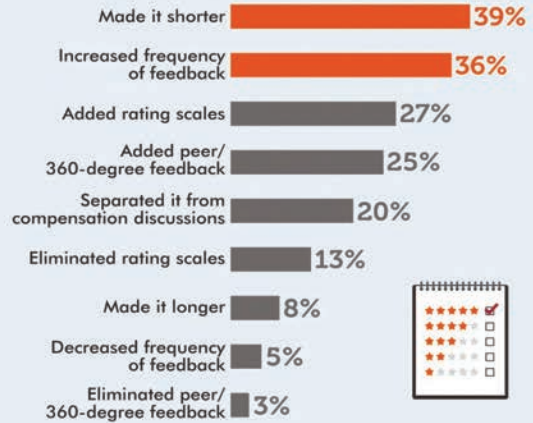


Source: Statista/Nielsen

ARE PERFORMANCE REVIEWS EFFECTIVE?

Performance reviews can be an effective way to evaluate an employee's progress, address issues and recognize good work. But as the workplace changes, procedures need to be updated as well. A recent survey asked 300 human resource managers about how their companies are now handling performance reviews.

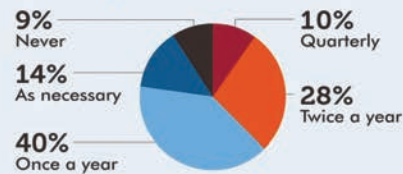
How companies have changed the performance appraisal process:



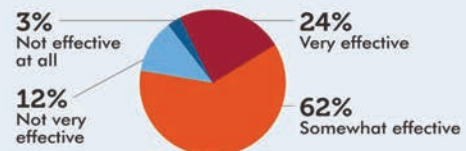
Other: 3%

(Respondents whose company has changed its performance appraisal process. Multiple responses were permitted.)

How often formal performance appraisals are conducted:



How effective performance appraisals are in improving employee performance:



(Respondents whose company conducts formal performance appraisals.)

The greatest benefit of conducting performance appraisals:



Source: OfficeTeam

CORPORATE MOVES

New leadership for Kentucky businesses

BIG MOVES

■ **Chris Boaz** has been named vice president commercial lender, secondary market mortgage and consumer lending manager for Lexington-based Bank of the Bluegrass & Trust Co.

■ **Jason Marshall** has joined Lexington-based Bank of the Bluegrass & Trust Co. as a universal banker at the bank's Southland Drive location.

ARCHITECTURE

■ EOP Architects has promoted **Ben Simmons**, **Daniel Ware** and **Kevin Gough** to principal. Simmons is located at the firm's Louisville office; Ware and Gough are in the Lexington office.

BANKING/ FINANCE

■ **Jeffrey S. Thomison** has joined Commonwealth Trust and Investment Co.'s wealth and trust management team as vice president, senior equity manager and strategist. **Roger Smith** has joined the team as vice president, investment sales officer.



Jeffrey Thomison



Roger Smith

■ **Chris Johnson** has been promoted to senior vice president, credit analysis manager for Community Trust Bank in Pikeville.



Chris Johnson

■ **Cathy Himes** has been promoted to senior vice president, mortgage lending for Lexington-based Central Bank.

EDUCATION

■ Transylvania University has named **Steve Angelucci** as vice president for campaign initiatives.



Steve Angelucci

■ **Debbie Namugayi** has been named Eastern Kentucky University's sustainability manager, in charge of energy and climate, recycling, waste management and other sustainable initiatives on campus.



Debbie Namugayi

■ **Jim Flynn** has been named executive director of the Kentucky Association of School Superintendents, effective July 1, 2019. Flynn has served as superintendent of the Simpson County school system for 16 years.

■ **Jess Calohan** has been named director of Frontier Nursing University's psychiatric-nurse practitioner program. **Irma Jordan** has been named clinical director of the program.

■ **M. Rehan Khan** has joined the University of Louisville as vice provost and chief information officer.

ENERGY

■ **Simon Richards** has been named chief executive officer for Louisville-based Thorntons.

EQUINE

■ **Jessica Green** has joined the Thoroughbred Owners and Breeders Association (TOBA) as senior director of finance and administration.



Jessica Green

FOOD/SPIRITS/ HOSPITALITY

■ Louisville-based Papa John's International has appointed **Marvin Boakye** as its first chief people officer.



Conor O'Driscoll

■ **Conor O'Driscoll** has been named master distiller for Heaven Hill Distillery.

■ **Paul Martino** has been promoted to president of Lexington-based A&W. **Dave Crowley** has joined the company has director of franchise recruitment.



David Gibbs

■ **David Gibbs** has been named president and chief operating officer of Louisville-based Yum! Brands.

GOVERNMENT

■ **Rich Storm** has been appointed commissioner of the Kentucky Department of Fish and Wildlife Resources.

HEALTH CARE

■ **Dr. Shari Meyerson** has joined UK HealthCare as chief of thoracic surgery.



Shari Meyerson

■ **Steven Sabian** has been named chief operating officer of Louisville-based SentryHealth.



Steven Sabian

INSURANCE

■ **Jay Slatton** has been named director of preneed development for Louisville-based Investors Heritage Life Insurance Co.



Jay Slatton

■ Passport Health Plan has promoted **Carl Felix** to president and chief operating officer.

■ **Dr. William Shrank** has been named chief medical officer for Louisville-based Humana Inc. **Joseph Ventura** has been appointed general counsel, succeeding **Christopher Todoroff**, who is retiring.

LEGAL

■ **Bonita Black** and **Justin Walker** have been named partner in the law firm of Dinsmore & Shohl. Both work in the firm's Louisville office.

RESEARCH

■ **Lorri Erhardt** has been named vice president of global clinical monitoring for CTI Clinical Trial and Consulting Services in Covington.

TECHNOLOGY

■ **Brian Lower** has been named chief financial officer for Lucina Health, a Louisville-based women's maternity analytics platform.



Brian Lower

TOURISM

■ **Rick DuBose** has been appointed executive director of the Friends of Mammoth Cave National Park.



Rick DuBose

UTILITIES

■ **Jasmine Mungo** has been appointed manager, customer accounts for Kentucky American Water.



Elaine Chambers

■ **Elaine Chambers** has been named director, rates and regulatory for American Water's Southeast division, which includes Kentucky and Tennessee American Water.

OTHER

■ **Scott Sewell** has been appointed president and CEO of Charah Solutions Inc., a Louisville company that provides environmental and maintenance services to the power generation industry.

■ **Aimee Jewell** has joined the Leadership Louisville Center as the center's engagement specialist.



Aimee Jewell

■ **Robyn David Sekula** has been promoted to vice president of communications and marketing for the Presbyterian Church (U.S.A.) Foundation.



Bill Farmer

DEPARTURES

■ **Bill Farmer** has announced that he will retire later this year as president and CEO of United Way of the Bluegrass.

■ **Michael Keyes** has resigned as president of Brown-Forman's North America region to become president and CEO of New Jersey-based Proximo Spirits Inc.



We love sharing success stories!

To submit information for yourself or someone in your company, please visit lanereport.com/submissions. We accept listings for promotions, new hires, title changes, and association and board appointments.



ON THE BOARDS

Kentuckians named to organizational leadership roles

BANK OF THE BLUEGRASS & TRUST CO.

■ **Taunya Phillips** has been named to Bank of the Bluegrass & Trust Co.'s advisory board. Phillips is senior associate director, new ventures and alliances in the University of Kentucky's Office of Technology Commercialization.

BUILDING INDUSTRY ASSOCIATION OF NORTHERN KENTUCKY

■ The Building Industry Association of Northern Kentucky has announced its officers for 2019: President – **Tom Withorn**, Craftsmen by Design; Immediate Past President – **John Curtin**, Paul Hemmer Co.; Vice President – **Ross Kreutzjans**, Kreutzjans Construction Co.; Secretary/Treasurer – **Jarron Fischer**, Fischer Homes; Associate Presidents – **John Cain**, Wiseway Supply, and **Mike Riegler**, Riegler Blacktop. Directors: **Shad Sletto**, Al. Neyer; **Ben Taylor**, Drees Homes; **Ted Vogelwohl**, Geotechnology Inc.; **Fred Cernetisch**, Pella; **Doug Roberts**, Watson Gravel; **Jon Baute**, ABC Supply; **Ryan Stoffel**, Fischer Homes; and **Amy Kennedy**, Sibcy Cline Realtors.



Tom Withorn

COMMUNITY TRUST BANK INC.

■ **Eddie Lee Hazelwood Jr.** has been named to the advisory board of Community Trust Bank's Campbellsville market.

FOUNDATION FOR A HEALTHY KENTUCKY

■ **Marianne Smith Edge** has been named to the board of directors of the Foundation for a Healthy Kentucky. Edge, of Owensboro, is a registered dietitian and founder of The AgriNutrition Edge, a food and agriculture communications consulting firm.

GEORGETOWN COLLEGE

■ **Dave Addison**, president and CEO of the Kentucky Chamber of Commerce, has been named chairman of the Georgetown College board of trustees. Bank executive **Bob Mills** has been named vice chairman of the board.



Dave Addison



Bob Mills

KENTUCKY APPRENTICESHIP COUNCIL

■ The following individuals have been appointed to the Kentucky Apprenticeship Council: **Frances J. Feltner**, University of Kentucky Center of Excellence in Rural Health; **Jon B. Dougherty**, Amteck; **Julie D. Wischer**, Sandefur Center; **Jennifer A. Lindon**, Hazard Community and Technical College; **Aaron Thompson Jr.**, Council on Postsecondary Education; and **Donald Ray Adkins Jr.**, Davis H. Elliott Inc.

KENTUCKY ASSOCIATION OF CONVENTION AND VISITORS BUREAUS

■ The Kentucky Association of Convention and Visitors Bureaus has announced its officers for 2019: President – **Eric Summe**, meetNKY/Northern Kentucky Convention & Visitors Bureau; Vice President – **Nancy Turner**, Winchester-Clark County Tourism Commission; Secretary – **Janette Marson**, Lake Cumberland Tourism Commission; Treasurer – **Erin Carrico**, Murray Convention & Visitors Bureau; Immediate Past President – **Troy Beam**, Shepherdsville-Bullitt County Tourist Commission.



Eric Summe

KENTUCKY FARM BUREAU

■ The Kentucky Farm Bureau has announced its officers and new board members for 2019: President – **Mark Haney**, Pulaski County; First Vice President – **Eddie Melton**, Webster County; Second Vice President – **Sharon Furches**, Calloway County. Newly elected board members include: **Ray Allan Mackey**, Hardin County; **Mark Kinsey**, Grant County; and **Tyler Ferguson**, Johnson County.

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT

■ **Buckner "Buck" Hinkle Jr.** has been appointed to a four-year term on the board of directors of the Lexington-Fayette Urban County Airport. Hinkle, an attorney, serves as a director, vice president and general counsel for Hinkle Holding Co.

LUMINA FOUNDATION

■ **Aaron Thompson**, president of the Kentucky Council on Postsecondary Education, has been named to Lumina Foundation's quality credentials task force. The Lumina Foundation works with government, nonprofit and private-sector organizations to expand student access to and success in education beyond high school, with the goal of increasing educational attainment to 60 percent by 2025.



Aaron Thompson

NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY

■ **Alan Long** has been appointed to the National Association of State Boards of Accountancy. Long has served as managing member of Richmond-based Baldwin CPAs for 22 years.



Alan Long

NATIONAL ASSOCIATION OF STATE DEPARTMENTS OF AGRICULTURE

■ Kentucky Agriculture Commissioner **Ryan Quarles** has been elected second vice president of the National Association of State Departments of Agriculture.

NATIONAL ASSOCIATION OF WOMEN BUSINESS OWNERS KENTUCKY

■ The Kentucky chapter of the National Association of Women Business Owners (NAWBO) has announced its 2019-2020 board of directors: **Leslie Vidra** (president), **Melissa Chastain** (president-elect), **Jesika Young**, **Robin Miller**, **Amy Romines**, **Trisha Abney**, **Laura Day DelCotto**, **Christie Moore**, **Margaret Jolly**, **Alicia Ariatti**, **Karen Weller**, **Molley Ricketts**, **Sheri Radler**, **Cathy Fyock**, **Alice Shade**, **Kathryn Crawford**, **Jill Lowry** and **Becky Duncan**.

NORTHERN KENTUCKY UNIVERSITY FOUNDATION

■ The following individuals have been elected as officers and members of the board of directors for the Northern Kentucky University Foundation: President – **Jason O. Jackman**, Johnson Investment Counsel; Vice President – **Martin C. Butler**, Strauss Troy; Treasurer – **Kevin E. Gessner**, Cincinnati Children's Hospital; Secretary – **Kara S. Williams**, The Marketing Collective; and Member-at-large – **Mary E. Zalla**, Landor. New board members include **Thomas Diedemann Jr.**, AAA Club Alliance, and **Chad Scott**, ePremium Insurance.

PRICHARD COMMITTEE FOR ACADEMIC EXCELLENCE

■ The following individuals have been appointed as new board members of the Prichard Committee for Academic Excellence: **Bonnie Lash Freeman**, National Center for Family Learning (retired); **Susan Elkington**, Toyota Motor Manufacturing Kentucky Inc.; and **Julia Link Roberts**, Western Kentucky University. Newly elected board leaders are: Chair – **William H. Wilson**, Lexington; Vice Chair – **Wynn L. Radford**, Hopkinsville; and Secretary/Treasurer – **Carol Lamm**, Berea. Also serving on the board are: **David Bolt**, Morehead; **Al Cornish**, Louisville; **Ben Cundiff**, Cadiz; **W. Clay H. Ford**, Owensboro; **Bill Garmer**, Lexington; **Nancy Grayson**, Covington; **Franklin Jelsma**, Louisville; **Hilma S. Prather**, Somerset; **James Votruba**, Highland Heights; and **Harvie Wilkinson**, Lexington.

PUBLIC RELATIONS SOCIETY OF AMERICA

■ The Thoroughbred Chapter of the Public Relations Society of America has announced its 2019 board of directors: President – **Natalie Cunningham**, Kentucky Small Business Development Center; Past President – **Amy Preske**, Buffalo Trace Distillery; President-Elect – **Sarah Rowlette**, Kentucky Retail Federation; Secretary – **Sara Nesselrode**, Kentucky Housing Corp.; and Treasurer – **Brant Welch**, Farmers National Bank of Danville. Directors at large: **Cliff Feltham**, Kentucky Utilities (retired); **Bethany Langdon**, Bluegrass.org; **Katie McDaniel**, Wiser Strategies; **Natalie Partin**, Georgetown/Scott County Tourism; **Kathy Previs**, Eastern Kentucky University; **Risa Richardson**, Columbia Gas of Kentucky; **Holly Wiemers**, University of Kentucky – Ag Equine; and **Ryan Worthen**, Kentucky Employers' Mutual Insurance.



Natalie Cunningham

Katelynn Roison photo

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Dan Mann

Dan Mann, A.A.E., became executive director of Louisville Regional Airport Authority in March 2018. He previously was executive director for the Columbia Metropolitan Airport in West Columbia, S.C.; of Eastern Iowa Airport in Cedar Rapids; and of Natrona County International Airport in Casper, Wyo. He served in the Ohio Air National Guard 1983-87, reaching the rank of staff sergeant, and the U.S. Air Force 1987-92, reaching the rank of captain as a B-52 navigator. Mann is a long-time leader in state and national aviation organizations. He has a bachelor of science in business administration from Bowling Green (Ohio) State University, is accredited through the American Association of Airport Executives and is a private pilot. A native of Marion, Ky., Mann lives in Louisville.

THE SKY IS THE LIMIT: WHY LOUISVILLE'S AIRPORT IS EXPECTING RECORD GROWTH

Louisville Regional Airport Authority Executive Director Dan Mann explains how the airport has become a major economic engine

BY MARK GREEN

Mark Green: Louisville Regional Airport authority does not receive local or state money and self-funds the operations of Louisville Muhammad Ali International Airport (SDF) and Bowman Field (LOU) with revenue from a variety of user fees. What are fees levied on and what revenues do they generate?

Dan Mann: Airports, particularly of our size, are generally self-sufficient. We run like a business. Users of the aviation system and airport pay for the operation of the airport, and that comes in many forms. The government piece of this is the (federal) Airport Improvement Program (AIP): People buy airline tickets and pay a fee or tax that goes into the entitlement fund. When we have to put in a project – say, an infrastructure upgrade – then we apply for grants out of the AIP fund. Only users of the aviation system fund that.

More locally you've got landing fees. UPS pays a fee based on the landed weight of its airplanes; the (passenger) airlines pay the same thing. The rental car fee is usually the second largest source of revenue. The No. 1 source of revenue at airports is almost always parking: the parking garage, parking service. So parking, rental cars, and then your aviation users, the landing fees, terminal rents – all those pieces

come together for us to generate our budget of \$106 million.

The fees generate enough money to pay our utility bills, police department, water, sewer lines and maintain 17 miles of roadway, taxiways and runways. It's almost like a city complex with police, fire, water lines, sewer lines, electric and facilities our tenants use. That's where the money comes from. We're nonprofit, so that money goes back into the facility, so we can have infrastructure for carriers to take off on and generate more economic impact for the region.

MG: What's the number of employees right now?

DM: We are right around 150 Airport Authority employees. With all the businesses and tenants that pay to be here at the airport, around 51,000 people work on this 1,500-acre footprint. Those are TSA, air traffic control, the fixed-base operators, the guys that pump gas. UPS Worldport, obviously, they're behemoths as it relates to job creation and job development. You've got the concessions, the restaurants, the gift shops, rental cars, parking lots, Air National Guard, all the things that are associated with running an airport are here. A lot of those are really good paying jobs. It is a really strong piece of the economic engine for Louisville.

MG: Are the budget and airport authority employee numbers up or down?

DM: Those numbers are actually down. When I got here a year ago we had 186 employees; it was always in that 185-195 range in the past. We are smaller today. My philosophy has always been having a smaller group of personnel. I strive to have a core group of people and augment the staff with outside professional help: contractors, whether that be HVAC guys, electrical guys, engineers. We're down about 35 employees; 150 is probably where we're going to be.

MG: The most recent economic impact report from 2014 states the two Louisville airports – Muhammad Ali International and Bowman Field – generated recurring impacts of almost 70,000 jobs, \$2.6 billion in payroll, \$8.1 billion in economic activity and almost \$350 million in state and local taxes. Is there an updated best guess of what those numbers might be now?

DM: No, but we know all our activity is up. In 2014, the airport industry was still slow to recover from the Great Recession. The corporate aviation side of things was slow. The airlines had constricted dramatically and were down. We think we're going to have some pretty good gains from the 2014 numbers

Regarding the economic impact, when you look at our model of being self-sufficient and not taking money out of the tax system, to have the employment here creating \$348 million in tax revenues is pretty significant and is going to the benefit of the state. Whether it be schools, roads, police, it really is an important number. And when you put our number in with the Lexington airport's number and Northern Kentucky's number, it really does help the state economy. It is an important asset, not only for the citizens and the tax revenue, but for economic development, the jobs that are created, the businesses that move to an area because of what an airport has to offer.

MG: How much general aviation activity is there at the two airports?

DM: Atlantic Aviation is our fix-based operator. They handle primarily business aircraft, but they fuel the airlines. Bowman is what we call a reliever airport – the smaller, piston-engine aircrafts, small jet aircraft; the corporate general aviation business aviators use Bowman Field. We couldn't operate the way we do here at SDF with high-speed aircraft coming in if it wasn't for Bowman. Bowman pulls off the slower, smaller aircraft and frees up the airspace, so Bowman is very important.

It's the busiest general aviation airport in the state. There are 217 T-hangars (T-shaped to accommodate plane's wings) there, and they're pretty much full. Bowman is very active. There are 200-plus aircraft based at Bowman Field. There are two fix-based operators fixing airplanes, storing aircraft, selling fuel. We have a mix of recreation and business. All of the 217 T-hangar aircraft are privately owned. And then the corporate hangars are business aircraft, primarily jets and some props.

MG: Are there any commercial schedule flights at Bowman?

DM: No. When you have major events like Breeder's Cup and Derby, you'll have large corporate aircraft, the Gulfstream Vs, come in here at SDF. The smaller, privately owned aircraft go to Bowman. During Derby there'll be hundreds of transient aircraft for people who come in for that. In 2018, SDF handled 749 aircraft from Thursday to Sunday on Derby weekend and sold 215,149 gallons of JetA fuel; there were 344 aircraft on the ground at post time. Derby attendance was 157,813. When you think about how many people and aircraft are coming in just for this event and the amount of money they're spending to get here, the fuel they buy, and they're going downtown and spending the night, it's phenomenal.

MG: How many passenger flights does SDF have now?

DM: We have 33 nonstop destinations, up from 21 nonstop destinations in 2016. Last year, we had nearly 1.94 million departing passengers, up about 11 percent. There are about 400 commercial service airports in the country; that 1.94 million number puts us around 70th. 2018 was the second busiest year in the history of the airport measured by the number of planes and passengers and the last four months of 2018 were the best four months ever.

There were a total of 27,048 scheduled departures in 2018. This averages nearly 74 departures per day but during peak periods it could be as high as 87 departures per day. During the past 12 months, the airlines added an additional 195,000 seats to Louisville's flight schedule, which was an 8.5 percent increase.

The number that's really phenomenal is the operations by UPS. It is a flight every minute and a half or something like that (at night). In 2018, there were a total of 44,243 cargo landings, and UPS accounted for nearly 91 percent of all cargo operations in 2018 with 40,601 landings. That averages to be slightly more than 111 landings each day.

As we look forward to 2019, our scheduled capacity is up over 10 percent. And we think 2019 will be the best year ever, surpassing 2000, which was the busiest year the airport had ever had.

MG: The 11 percent jump in 2018 was big. How did that happen?

DM: We added 10 nonstop destinations; ultra-low cost carriers were a big piece of that. But we also had Southwest add service, and American Airlines. The legacy carriers added service, but the ultra-low cost carriers – Allegiant, Frontier – added destinations and boarding capacity.

Our Louisville market is growing; the economy's strong. There's a renewed interest in the tourism aspect. You have a college town, and that provides folks looking for ultra-low cost service. The airlines are making money now, so they're looking for ways to expand.

The last piece is our team making a business case, having the right message to the airlines. We've been able to make a case that this is a place they should be expanding. Capacity's up, numbers are up, forecast capacity is up. The cycle we're in right now is really positive.

MG: What are the key data points airlines look at when they decide to come in with a new flight?

DM: We look at data for our unserved markets or markets where we have a high load factor (a metric that measures how much of an airline's passenger carrying capacity is used). We collect that data and what the average airfare is in our market compared to other markets.

Let's talk about the Los Angeles market that had not been served from Louisville. We're getting a nonstop service to LAX starting April 3. We were able to make the case that while this is somewhat a small market and LAX is a long-distance service, the numbers are there; this is probably sustainable.

The other part of it is Louisville Regional Airlift Development (LRAD), the private group of business folks that raised money to offer a minimum revenue guarantee, what I call an insurance policy. So, American Airlines decided to try it.

That level of detail goes into every market we look at, every time we want to expand a route: passenger demand, our load factor, the revenue being generated for the airline. Telling airlines how they can make money in our market is key to the whole process.

MG: How full does a flight need to be for an airline to make a profit?

DM: It really depends on what type of airline. An ultra-low-cost carrier selling

the airfares really cheap has to have a 95, 96, 97 percent load factor. Because it's all leisure, it's all low fare; they have to fill the plane up.

A business market – New York City, Chicago – will have much higher airfares. They can count on some of it being international traffic. Generally, if they're running around 75, 76 percent load factor, they're making money. When you're getting up to an 82, 83 percent load factor, you can then go to the airline and say hey, the planes are full, we could probably add capacity, because at some point these passengers are going somewhere else or taking another options.

MG: What are your other target markets right now?

DM: Priority one is making sure our existing routes are viable and profitable. We're doing a lot to make sure there's awareness for that LAX service and that it is successful for the long run. LAX being successful changes the conversation we have with our airline partners because the airlines look at you differently. If we make LAX work, they'll quickly pivot.

We're already working on Boston, and Boston is a big market. When we look at the analysis of which markets do not have nonstop (Boston) service, we're in the top five that should have (the necessary) demand, population, business connections.

We think the Toronto market opens up some European travel, or at least some European travel competition, which will stimulate airfares. So Toronto is probably No. 2. After those two, as it relates to a business, the legacy business market is probably Seattle and San Francisco.

As for the ultra-low-cost carriers, we'd love to have Spirit Airlines in our market, more Allegiant flights, more Frontier flights. The more low-cost carriers we have, the better the airfares get, the more options people have, the more people who don't travel at all will have reason to travel. The folks who are traveling out of state or to other larger airports will be able to use our market.

That growth creates more activity. And when you're self-sufficient, more activity means more people parking, more people renting cars, more people spending money in the concession, all those things that drive our revenue.

MG: What capital projects did you do last year and what is planned?

DM: Last year was basically pavement maintenance; it was \$8.5 million. We have our CAPA (corrective and preventive action) improvement program. It generally runs \$15 million a

year for pavement infrastructure-type needs. That is ongoing with the operations we have with UPS at night and passenger carriers during the day. We have to schedule those runway projects very carefully; taxiway projects happen every year and it's pretty routine. Moving forward though, we have what is probably a \$350 million CAPA improvement program.

A \$100 million number you might have heard about is our terminal renovation program that is in the design phase right now. The first construction phase will happen probably this summer, and then we'll go through five to seven years of nonstop terminal improvements. It includes things like replacing all 24 jet bridges – they're all 20-plus years old and need to be replaced. They come in at about \$1 million a pop, so you're talking \$20 million in jet bridges.

Our terminal walkways, escalators, elevators are all very old and need to be replaced; it's hard to get parts for them and sometimes we have to actually manufacture parts and have the walkway and connectors down for 30, 60 days. All that is going to be replaced. That's \$15 million.

Our last terminal renovation was two years ago – a beautiful job on a lot of cosmetic improvements. But some of the core things behind the walls did not get fixed: mechanical systems, the controls of the heating and air conditioning, the boiler systems. All that is going to be touched as part of this project. That's probably \$40 or \$45 million. That, the customer won't see.

What they will see is something for the rental car customers, which is our second largest piece of revenue. We are going to move them to the lower level of the parking deck so they'll have cover. We'd like to put a seven-acre solar farm on top of the parking deck to cover it. We're studying that right now. The rental car change is a major upgrade that will require a road reconfiguration, which will clean up some of the other logistics issues we have with our terminal roadway.

So that's the \$100 million program. We probably could do it in five years but to cash flow this and make sure we don't have to borrow money, we may have to extend that out to the seven-year mark.

MG: You mentioned a \$300 million capital plan in the works. What's the rest of it?

DM: There will be a taxiway reconfiguration. About \$12 million over at Bowman fixing some things there. But the bulk of it is going to be on the airfield – \$200-plus million. Taxiway G alone we project to be a \$55 million project. Some of these projects will require some

infrastructure dollars to come out of the Airport Improvement Program.

UPS Airlines is taking shipment of the (wide-body, lengthened fuselage) Boeing 747-8, the new cargo model. They say there are going to be 21 of them. To handle a 747 you have to have wider taxiways, a different configuration to accommodate it.

MG: Have you had to meet more demand from UPS in recent years as a result of ecommerce? Do you anticipate that to grow?

DM: Oh yes, absolutely. We think that demand curve growth is going to be steep. Even with things like Amazon starting up its airline (Prime Air, based at Cincinnati-Northern Kentucky International Airport), we think the demand will remain strong for several years.

MG: There is an effort to create cooperation among the Louisville, Lexington and Northern Kentucky airports. How did that come about and what goals are you pursuing?

DM: It's not the revenue piece of it, it's the regulatory piece of it. We all operate the way we do. There are some inefficiencies that are building with regulations, some state statutes, some federal statutes. Our goal is agreeing on four, five regulations or statutes that make it difficult for us to operate like a business. Where the three of us agree, we want to have an impact. Several things out there impede our ability to respond to business.

On the federal level, a pilot shortage was created by the 2009 Colgan Air Flight 3407 crash where (the Airline Safety and Federal Aviation Administrative Extension Act of 2010) changed the number of hours (of flight experience) to get in the cockpit to 1,500, so there are fewer pilots in the pipeline. And pilots are retiring, so what can we do on a regulatory basis to change the training focus to skills more than an arbitrary number of hours? The passenger facility charge should have flexibility. Airline ticket PFC (passenger facility charge) fees come back to the airports to spend on fixing terminals but things we know we have to fix are not eligible for PFCs, so we're saying we need flexibility.

Some of the regulations lump us in like we're a pure government entity and we are quasi-government. We're not on tax rolls, but we have to operate like a business; we're hiring private-sector folks and need more flexibility. Any regulation we identify that impedes our ability to do things to expand land, to procure, to move quicker and respond to business is something we're going to work on with the state legislature.

MG: Can you describe the Airport Authority board structure and the role it plays?

DM: There 11 board members, and they can have two four-year terms. The mayor is one of the board members, and he gets to appoint seven others. And the governor gets three appointees. They are a policy-setting board. We meet as needed, but about eight times a year.

This is the fifth year I've been an airport director. It's a professional board and they work well together. They all are here for the airport, and what's good for the airport is good for the region and the state.

MG: In January, the airport adopted a new name, Louisville Muhammad Ali International Airport. What is the significance of making this name change?

DM: It pre-dates me. With the overwhelming amount of attention that came to Louisville when Muhammad Ali passed away in 2016, the airport board decided we ought to take a look at this. They put a working group together to study if it made sense. It's much broader than the airport, which is a gateway to the community, a first impression. We did a study to ask what people thought or knew about Louisville, and there's not a great deal of awareness. People said, I know Louisville, but I don't know that much about Louisville. When you ask the same question about Muhammad Ali, it's off the charts. Everybody knows Muhammad Ali, not just nationally but internationally – in fact, internationally probably more so. But people didn't realize this internationally known figure is from Louisville. From a message perspective, we want people to be more aware of Louisville and we want people to think about why they would go to Louisville. We thought Ali's name having more awareness and its connection to Louisville was important. Anything that creates awareness for the region is ultimately going to be good for the airport. This initiative was really important to the board. I'm new to the area so I wasn't aware of the connection between Muhammad Ali and Louisville until he passed away in 2016, and my family's from Kentucky. There's a lot of communication that can be built around this. There's a lot about Louisville that is unknown and it's a pretty neat city. ■



Mark Green is executive editor of The Lane Report. He can be reached at mark@lanereport.com.

The background of the advertisement is a dark blue map of the United States. Overlaid on the map is a network of glowing white lines that connect various points across the country, symbolizing a national or regional network. A large, thick yellow arc curves from the top left towards the bottom left. At the bottom of the image, there is a black silhouette of a city skyline with several skyscrapers.

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“The stock market will return to an annual gain in 2019 after a nine-year bull market halted in 2018 due to concerns over global economic conditions, trade relations and rising interest rates. We expect economic growth to slow – internationally and domestically – in 2019, with U.S. real GDP growth in a respectable 2-3 percent range, keeping inflation and further interest rate hikes at bay. Positives include healthy consumer spending, low unemployment and a strong labor market. We do not anticipate a recession and believe the U.S. stock market can produce a double-digit percentage increase.”



David Parks
*Senior Wealth
Advisor, Dean
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“Demand for wealth management services will be strong for the foreseeable future, due largely to demographic and structural changes in society. As baby-boomer business owners continue to retire, sales of private businesses mean the corresponding need to re-invest wealth. Younger generations will inherit wealth and focus on their own retirement and financial planning needs. Pressure on the Social Security system from an aging population and the ongoing shift from employer-provided pensions to defined-contribution plans that require employee planning and participation also will drive demand for wealth management services. Clients are looking for comprehensive and goal-oriented guidance delivered in a professional, personal and unbiased manner, which is what Dean Dorton Wealth Management is all about.”



Chad Sturgill
*Senior Portfolio
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“The U.S. economy will continue growing this year, but at a more measured pace. Tariffs on imported raw materials and tight labor markets are pressuring corporate profit margins, which could limit equity returns. After raising interest rates four times, the Fed appears finished unless economic conditions start to overheat. Those rate hikes have helped savers, who are earning higher interest on their money. Fixed-income yields should stay range bound if the Fed stands pat as expected. Risks to continued economic expansion include failure to resolve the trade spat with China, an overly-aggressive Fed and increased borrowing costs.”



John Cheshire
*Chief
Investment
Officer,
Asio Capital*

“Contrary to popular belief, the stock market is a leading indicator of the economy. Clearly the late 2018 sell-off indicates something. Seasonal data is very clear that stocks’ best quarter of the year is the fourth, but one must go back to 1931 to find a worse December. With the Federal Reserve raising short-term rates, an unresolved trade war with China and a government shutdown, markets appear to anticipate economic fall-out in 2019 or beyond. Growth still exists but has slowed markedly, and the economy is decelerating. Like a large ship, changes and inputs take a long time to show up – it takes several quarters of data for causal changes to become noticeable. The Fed’s interest rate hikes and tightening cycle may be close to an end, if not over; resolution of trade disputes with China would be great for worldwide growth long-term and a big short-term boost to the stock market. But it is growing late in the cycle and we will watch the markets to tell us what to expect next.”



Todd P. Lowe
*President,
Parthenon LLC*

“With interest rate increases on a seeming hold, wealth managers are poised for a good year. Markets had a difficult 2018 globally, and seem poised for a calmer 2019. Global events are always unpredictable and issues such as Brexit can play havoc with forecasts, but a mild global slowdown appears underway, with the United States being an outlier in its 10th year of recovery from the Great Recession. But bull markets don’t die of old age, so the U.S. markets may continue modestly upward. Investors should remain nimble in a period of such an extended recovery.”



Ann Georgehead
*Managing
Director,
PNC Wealth
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“Despite the extraordinary length of the current expansion, the U.S. economy is poised for continued growth in 2019. Consensus expectations are for 6 percent growth in U.S. corporate earnings per share in 2019. While not impressive compared to 20 percent estimated growth in 2018, 6 percent would be a solid gain. We are mindful of the potential for short-term losses in stocks – the volatility of last year’s fourth quarter is too fresh. However, with patience and a long-term perspective, we believe in stocks as a component of an investor’s asset management/wealth-building strategy.”



Dave Harris
*CEO,
MCF Advisors*

“Investment markets are processing much noise from world economies, U.S. and international political warfare, and world central bank balance sheet retractions. MCF views most of this as a sideshow, creating waves of volatility within financial markets. We don’t necessarily view volatility as bad; in fact, more often than not it provides opportunities. For 2019, MCF’s views of the capital market are: U.S. economic growth moderating from the 2017-18 pace but still growing; U.S. Federal Reserve slowing interest-rate increases; U.S. equity prices have upside; the dollar will likely weaken against the euro and yen; international equities are very attractively priced; commodities prices will firm; commercial real estate prices will recover; U.S. labor costs will rise 3-plus percent a year. Thousands saw the apple fall, but Newton was the one who asked why!” ■

THE LANE LIST

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Good Financial Times Bring Change to Banking Landscape

Kentucky banks with healthy balance sheets are attractive to out-of-state companies looking to grow

BY CHRIS CLAIR

AS the number of banks in Kentucky falls, the number of out-of-state banks with a presence in the commonwealth is on the rise.

Consolidation is the main factor at work. The reasons for that consolidation are myriad and varied, ranging from reducing costs to growing deposits to combining resources in order to keep up with bigger banks.

For the most part, the consolidation in Kentucky's banking sector mirrors that seen nationwide. Between 2010 and the end of 2017 – the most recent data available – the number of FDIC-insured commercial banks in the United States declined 24.6 percent.

Ballard Cassady, president and CEO of the Kentucky Bankers Association, said this consolidation is part of a natural evolution of the industry.

Until last year, most of the bank consolidation in the commonwealth involved in-state banks buying other in-state banks. In 2018, though, something shifted, and consolidation became a one-way street out of state.

According to the Kentucky Public Protection Cabinet's Department of Financial Institutions, in 2013 there were five instances of banks merging or being acquired in Kentucky. All were in-state deals. In 2014 there were four in-state transactions, none out-of-state. In 2015 there were seven in-state transactions and three out-of-state. In 2016, five in-state and zero out-of-state. In 2017, eight in-state and one out-of-state.

In 2018, however, there was one in-state deal and four involving out-of-state banks buying Kentucky institutions. That's new, but Cassidy said he isn't particularly alarmed.

"It happens everywhere," he said of acquisitions by out-of-state banks. "Our hope is twofold: One is that they become good members of the association and two that they become good corporate members of the community that they just bought into. That's been the case historically."

From 2014 through early 2019, KBA statistics show 11 out-of-state banking entities have purchased or merged with Kentucky banks, while no Kentucky banks have acquired peers in other states.

As the number of Kentucky-chartered financial institutions has fallen – from 181 in 2014 to 150 in 2018, according to the KBA – the percentage of deposit market share owned by out-of-state banks has risen from 39.8 percent in 2014 to 46.4 percent in 2018.

Charles A. Vice, the commissioner of the Department of Financial Institutions, said the trend of in-state banks being bought by outside institutions is one his department has noticed and one he has been expecting.

"Now that the economy is good and the banking industry is profitable again, I don't want to say the in-state transactions are done, but I do think you will see a lot more out-of-state companies looking at Kentucky to come in and acquire," Vice said.

Why? Vice said as smaller and mid-size banking organizations look to reduce costs and increase economies of scale in order to compete with larger banks and online-only institutions, Kentucky banks are attractive because of the health of their balance sheets, are relatively inexpensive because they tend to be smaller, and because succession concerns among aging management and board members at banks in Kentucky have them looking at future plans.



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BANKING SERVICES

Buyers' due diligence is simpler

"A lot of our banks are older," Vice said. "Many banks are family controlled or tightly controlled, not publicly traded, and as ownership ages some estate planning has to take place. As boards and management teams age, it's the same thing. They've got to look at who's next, and if an offer comes along and it's relatively attractive, you get sales."

Additionally, Vice said Kentucky banks tend to have less complicated balance sheets. This makes the due diligence process easier for any potential acquirers. Loans typically make up 50 percent to 75 percent of Kentucky bank balance sheets, Vice said. Within loans, most are secured by small multifamily or residential properties or commercial property. And in terms of commercial loans, they tend to be straight real estate loans, as opposed to more highly leveraged commercial and industrial lending and acquisition and development lending.

Kentucky banks also have a lot of core deposits, or deposits from customers that have long-term relationships with their banks. These relatively high levels of core deposits make in-state banks more valuable to potential acquirers because adding those deposits to their own often makes the acquiring banks' balance sheets less risky, and lowers the amount they have to pay for insurance through the FDIC.

And compared with other states, Kentucky banks have high levels of capital relative to their risk-weighted assets. This so-called Capital Adequacy Ratio measures the amount of core capital a bank has – for instance common stock, reserves or retained net income – and expresses it as a ratio of its



assets, such as loans. Since some loans are more risky than others because of the nature of the loan or the collateral securing it, the Basel Committee on Banking Supervision developed the CAR based on a risk-weighted measurement of assets.

Kentucky's capital ratio as of June 30, 2018, was 11.10 percent. That's higher than the national average of 10.40 percent, and higher than all surrounding states. Illinois' CAR, for example, was 8.86 percent, Indiana's 10.33 percent, Ohio's 10.59 percent, Tennessee's 10.23 percent, West Virginia's 10.04 percent and Virginia's 10.73 percent.

In recent years, banking groups from Indiana, West Virginia, Ohio and North Carolina have acquired banks in Kentucky.

Sound practice gets taxed higher

Cassady said that high capital ratio actually works against Kentucky banks from a tax perspective. He said high

taxes on Kentucky banks relative to other corporations in the state and banks in other states is a major factor why Kentucky banks are being bought by, rather than buying, banks in surrounding states.

The playing field, he said, is not level.

The average bank in Kentucky pays an effective tax rate of 13.30 percent, which includes the state bank franchise tax on net capital and any local deposit taxes. Corporations in the state, meanwhile, pay a straight income tax of 6 percent.

New regulations following the 2008 financial crisis raised the amount of capital banks were required to have with an eye toward making them more able to withstand losses, but they also effectively increased taxes on Kentucky banks since they pay taxes based on net capital. In the same way that Kentucky banks' healthy balance sheets work in their favor from both risk and potential acquisition standpoints, that high

"We needed a bank large enough to handle our business, but small enough to know us by name."

Ralph Stokley, Stokley's Marine



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capital ratio costs Kentucky banks more in taxes.

Most other states tax banks' net income. That means their effective tax rates are lower. Ohio's effective tax rate, for instance, is 7.74 percent. In Indiana it's 6.5 percent. It's 9.5 percent in Illinois, 9.33 percent in Tennessee and 6.5 percent in West Virginia.

Corporations in Kentucky also pay taxes on net income. The KBA has been working with state leaders to reduce the disparity between what banks pay in taxes and what other corporations in the state pay.

Cassady said the KBA estimates that Kentucky banks pay, on average, 92 percent more in taxes than any other corporation in the state because of this uneven taxing system. For some smaller banks, the disparity is much higher.

This leaves Kentucky banks less money to potentially acquire banks in other states. Additionally, when an out-of-state bank buys a Kentucky bank, the assets then belong to the out-of-state bank and generate tax revenue for that state. The end result is not only a loss of tax revenue in Kentucky, but can also lead to fewer assets being put to work in local communities.

The KBA estimates that over the past five years, Kentucky has lost \$791 million in assets that used to be controlled by banks in the commonwealth but are now controlled by out-of-state banking institutions. The potential loss in tax revenue for the state is about \$8.7 million, according to the KBA estimates.

And, when banks combine, job losses tend to follow. Cassady said accountants have told the KBA that when banks merge there tends to be a

35 percent reduction in personnel over three to five years due to redundancies.

Vice said there are other drawbacks to having fewer banks generally, and fewer locally controlled banks in particular. Many of the institutions that have closed in Kentucky are in smaller, insular communities, he said.

"I think that's going to have an impact going forward on the economic viability of some of those communities if you don't have a financial institution that's invested there, that has decisions being made in that community that are in the best interests of that community.

"I don't want to give the impression that large banks are bad or that they make bad decisions. Instead, it's just really a shift and a change in the focus from the local community to a profit-center area," Vice said. "Over time that's going to be the biggest impact. Some of these towns and communities that are potentially struggling now are going to be struggling even more at the next economic recession because they don't have that local institution that has a vested interest in that local community."

Fewer bank start-ups

The only way to mitigate this is with new banks, but annual applications for new banks have been way down since the 2008 recession. Between 1997 and 2009, the FDIC recorded an average of 143 new bank charters per year nationally. Between 2009 and mid-2016, the most recent figures available, the FDIC recorded a total of seven new charters annually. Last year the number of new charters jumped to 21, still far below historic averages.

Part of the reason for this is that

upfront costs to start a bank, such as personnel and capital requirements, have gotten higher, Vice said. For someone thinking of starting a bank, it may be easier to buy an existing bank or banking group instead.

Vice said what may happen over the long-term, if this lack of new banking charters continues along with the consolidation trend, is the United States could end up with a banking system where five or 10 mega-banks serve everyone. In the past, business in the U.S. has benefitted from a dual banking system, with larger institutions and mid-size and regional banks.

The effects of online banking aren't clear yet either, but the convenience and speed they offer is one factor driving smaller banks to consolidate. Developing the apps and other technology necessary to attract millennials is expensive.

And then there are the credit unions, which have been on a bank-buying spree of late. Last year there were nine announced deals in which credit unions bought whole banks. One of those was in Kentucky: American Founders Bank in Louisville was purchased by Evansville (Indiana) Teachers Federal Credit Union. It was the first time an out-of-state credit union had purchased a Kentucky bank.

That's significant because credit unions don't pay income taxes, therefore they can offer to pay more for the banks they want to buy – often a 5 percent to 10 percent premium – and the banks they buy then no longer pay income taxes, either. ■

Chris Clair is a correspondent for The Lane Report. He can be reached at editorial@lanereport.com.



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Hospital Administration Is Feverish Entrepreneurship



Leading Kentucky's hospitals amid today's constant change takes multiple skill sets, talents, smarts and quick thinking

BY DIANNE H. TIMMERING

MAYBE a new job design for hospital administrator should start with *"Disruptive CEO needed: Must have operational finesse, government awareness, daily fortitude, innovative muster, partnership advancement, strategic relevancy, patient endearment and the intrinsic motivation to blend it all together in a balancing act that not many tightrope walkers could master."*

Hands-on health-care facility executives in Kentucky are dealing with implementing ongoing, major technological changes for provider

systems in a state that's also seeking solutions to some of the worst population health metrics in the United States.

While the ubiquitous term "health care" casts a very wide net – taking in a sixth of the \$20 trillion U.S. economy – the hospital industry is an ocean all to itself. And with *Modern Healthcare* magazine headlines like "Hospital CFOs losing confidence they can adapt to new business models" and "Grappling with the reality of the hospital's diminishing role," the traditional part hospitals play in the health-care continuum is shifting from its transactional past into a transformative future.

Survival challenges are ruthless and include revolving government mandates, shifting reimbursement sands, payer revolts, data inconsistencies, physician relations, staff wars, transparency demands, technological advances and consumer-driven value frameworks. New administrator skill-sets and job experiences need an ever-increasing depth of variation, more width of empowerment and a broad imagination. And maybe a little bit of prayer on the side.

That's the future facing a "hospital administrator" – a title that might be growing stale, not because it isn't worthy and noble but because it denotes operational silos of the day to day. The term doesn't quite encompass the broad skills needed to lead with a new executive-style dynamism and impact.

"In the world of executive leadership, we now need to prepare people to function in a much broader organization, as hospitals are being integrated into health systems across the nation. A minority of health systems are now stand-alone," said Dr. Larry Prybil, distinguished professor in the University of Kentucky's College of Public Health.



Dr. Larry Prybil,
Distinguished Professor, College of Public Health, University of Kentucky

"Today we need the skill sets to work with many issues at one time, from services to physicians, while balancing the strategic planning process," said Tom Miller, president of University of Louisville Health. "With access to care a No. 1 issue, we need to be entrepreneurial in our approach on how to meet that need."



Tom Miller,
President, University of Louisville Health

"I truly vacillate between strategy and daily operations," says Bruce Tassin, CEO for CHI St. Joseph Health System (known until January as



Bruce Tassin,
CEO, CHI St. Joseph Health



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KentuckyOne Health) and president of St. Joseph Hospital in Lexington.

Medical knowledge remains important as well.

“Not only do they need to be entrepreneurs to operate, they need the clinical experience to navigate the value equation and balancing costs,” said David Gray, a 30-year Kentucky health-care executive who is director of provider relations for the Cabinet for Health and Family Services. “There will be more physicians and clinicians in those leadership roles. Consider Cleveland Clinic and Mayo (Clinic); both are led by physician-executives today.”



*David Gray,
Director
of Provider
Relations,
Cabinet for
Health and
Family Services*

‘No two days are the same’

Commonwealth health-care leaders increasingly agree that future Kentucky hospital leaders must be entrepreneurs – a word associated with the renegade independence of innovators – and that they must keep this approach in mind while administering daily functions of core operations like patient safety, performance metric reviews, daily rounding and physician relations while also balancing new ventures, policy challenges, medical talent recruitment and strategic planning all while the speed of change zooms and flutters around them.

Beyond traditional health-care competencies, being a hospital administrator takes “an entrepreneurial mindset,” according to Mike Rust, president of the Kentucky Hospital Association. “For a hospital CEO, no two days are ever the same.”

UofL Health’s Miller agrees.

“A hospital administrator must have the functional capacity to work on many different skill sets at different times,” Miller said.

“The definition of the patient is evolving and we need to keep up,” said Dr. Phillip Chang, chief medical director for UK HealthCare.

Most Kentucky hospitals are among the largest employers in their communities, so the administrator needs some level of motivational talent, a passion for vision and mission, and the ability to instill that passion and mission in the hearts and minds of the frontline team.

“We are working with thousands of



*Dr. Phillip
Chang,
Chief Medical
Director, UK
HealthCare*

employees every day,” Miller said. And having “interpersonal savvy” helps, agrees Tassin.

With so many functions and systems in a hospital, motivating teams is important to the success of day-to-day operations and cost efficiencies, along with patient safety and good outcomes. It involves 7 a.m. medical staff meetings, staff huddles and meetings with directors on daily objectives to motivate, collaborate and provide organizational direction to start the day right. And that’s all before 8 a.m.

“CEOs must spend a lot of time on team building for the organization,” Rust said, “not only finding the right persons for the job but staying in touch with them to ensure that the work is being completed and that they are receiving the resources they need to be successful.”



*Mike Rust,
President,
Kentucky
Hospital
Association*

Leaders building their teams must have the courage “not to pick top talent just like you but have diversity of skills and unique ways to craft the pathway of success,” Tassin said. CEOs need to have the boldness that when knocked down, they get back up and are not afraid to adapt. In some cases, that includes shifting direction and some on-the-job training. With the rapidity of change, mistakes are going to happen; it’s what leaders do with those mistakes that counts. A willingness simply to try more things is where that entrepreneurial fortitude is most handy.

Eye for talent is always open

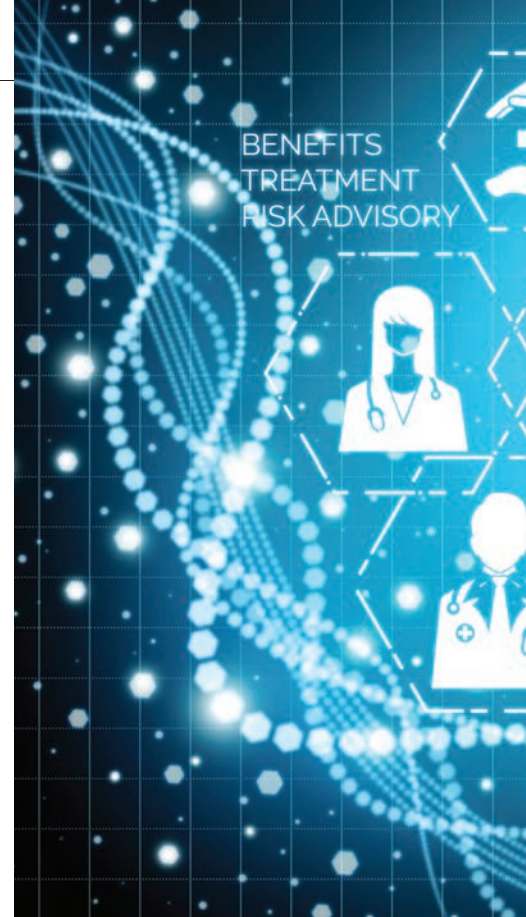
With current workforce shortages across the country and succession planning for key leaders in the organization, administrators have to develop a practical habit of continual exploration to recruit talent for medical staff and other practitioners.

Patient awareness requires not only the right people in place but systems for daily rounding, visitation, and physician and staff engagement on and off the floor. The administrator is the mayor of immediate circumstance and crisis management as head of the hospital town.

“We have a cross group of professionals (we work with) to meet the needs of our patients,” Miller said.

When there’s a problem, they address it then, not in a punitive way but in a constructive manner so that processes improve, he said, adding that the imperative is to do it immediately.

“It doesn’t do anyone any good if a system isn’t working to not fix it,” said Doug Winkelhake, division president of



hospital operations for Norton Healthcare. “Directness (is key) to look across the system and standardize the process, to talk about it.”

Norton recently created a quality and operational committee within its systemwide team to tweak protocols, Winkelhake said. It works with system support and physicians for collaboration and accountability, ensuring input within a work group to not only address the problem but to fix it.

The future skill set of hospital health-care leaders is increasingly relational. Traditional communication silos have beleaguered health-care delivery in the past, with each caregiver in a delivery system often in their own corner of provision. With government issuing consumers new choices in the ongoing move to value-based operation, the shifting model of care delivery demands a balance of care quality and cost efficiencies. And this can’t happen without the collaboration of many.

“We are receiving better access to data but not using it largescale yet to improve the health of the state,” said Michael Stigler, a financial advisor and Louisville office director for Blue and Co. whose experience includes developing a company that now advises 22 rural hospitals in a multistate area on



*Doug
Winkelhake,
President,
Hospital
Operations
Division,
Norton
Healthcare*



technology and supply chain efficiency. “But this may be changing. The Kentucky Health Care Collaborative is looking for ways to share data related to costs of operations and participate jointly on data, purchasing services, even health-care supplies and pharmaceutical costs.

“They might assess a joint venture for a lab operation or lab corporation based on volume and demand for services in toxicology and microbiology,” Stigler said.



*Mike Stigler,
Director/
Financial
Advisor, Blue
& Co.*

Special MBA tracks

In the last few years, UK’s College of Public Health and its Gatton College of Business and Economics partnered to create a health-care business track for physicians, nurses, technicians and administrators.

“We get them in an academic cohort setting,” says Harvie Wilkinson, MBA director for the Gatton College, “which stimulates the flow of ideas, collaborating across systems like CHI St. Joseph Health and Baptist Health in Lexington along with several clinics and post-acute partners. Barriers come down. That’s one of the secret beauties of the (new MBA) track.”

Wilkinson gave the example of a health-care economics course where teams of students addressed the rising cost of pharmaceuticals, physician shortages and efficiencies in certain operating

rooms, with each team made up of different health-care systems.

“At the end of the semester,” he said, “they submit their findings, presenting in-depth deliverables in health-care economics.”

Consensus building isn’t left only for the classroom or in-process improvement workgroups. It is part of community and government relations. The evolving design of American health care is a publicly funded and insurer-constructed behemoth.

Administrators, Rust said, “are often the face of the organization to the community (for) 15-20 percent of their time.”

But wait, there’s more. Seeping more and more into the expectations for an administrator is government relations’ and networking, with key policymakers driving change at the local, state and federal level. Necessary calendar items in the day-to-day strategic maneuvering of the hospital administrator include staying atop compliance alerts, policy and reimbursement issues, and items of statewide or national interest, not to mention future forecasts of what might be coming.

Reading the tea leaves – and lots of them

In addition to motivating an army of physicians, nurses, technicians, communities, and government folks –



*Harvie
Wilkinson,
MBA Director,
Gatton College
of Business and
Economics,
University
of Kentucky*

no small feat – an administrator must understand the analytics of the business, which requires adeptness, flexibility and systems thinking. Reviewing performance metrics from the previous day like utilization, admissions, discharges and outpatient registrations requires analytical skills not only for the day-to-day operations of the organization but understanding the marketplace around the facility and system.

As hospitals delve into ancillary lines like skilled post-acute services, telemedicine, physician integration and home health, critical thinking skills and prioritization will play roles, too, in the balance of daily operations and business alignment. Both assessment and integrative thinking may become the skill-set most heavily prized. Developing an ability to read the tea leaves of informatics data pouring in may be one of the strongest skills to master in this brave new shifting paradigm.

“Data is all over the place,” Prybil said. “What boards and executives and clinicians need today is the ability to take the data and transform it into information – whether utilizing it to treat a patient or make a major policy decision. This is a vital skill that we are striving to impart into health-management students.”

While all agree that disruptive thinking is a critical mindset, Dr. Julia Costich, professor in UK’s Department of Health Services Management, cautions that disruption needs to be managed with the

COVER STORY

development of proper critical thinking and management frameworks; a leader can't just leap into every disruption that comes along.

"Leaders need to be able to analyze," she said.

The health-track MBA curriculum at UK, according to Costich, creates the critical-thinking skills to understand policy and legal environments and financial and quantitative skills needed to really assess disruptive propositions.

And that leads us to the final – but not last – act in the balancing exploits of the administrator turned superhero: the ongoing management of financials.

Within the past five years, Gatton College has reshaped its business tracks with more focus on health-care issues and the economics of doing business.

"If you don't understand the economics of health care," MBA Director Wilkinson said, "it is very difficult to be a health-care administrator for an independent hospital or a hospital system or a clinic, large or small. The business model has changed so dramatically. How to develop efficiencies without giving up any quality? We cannot jeopardize quality."

"Know your financial statement and volumes," Norton's Winkelhake said.

Rust agrees. Today's operational financials include "capital needs ... budgetary restrictions, payment for services, including contract negotiations and managing philanthropy, fundraising and foundation activities," he said.



Dr. Julia Costich, Professor, Department of Health Services Management, University of Kentucky



The Healthcare MBA helps students understand the economics behind the health-care system.

"Even the accounting course is very health-care focused," says UK HealthCare Medical Director Chang, a Gatton College MBA graduate who focuses on compliance and related health-care financial mechanisms.

"Because the federal government is so involved with (much of) the reimbursement through Medicare and Medicaid in the already highly regulated environment we operate in, we must be entrepreneurial in our approach and know how to balance the financials," UofL Health President Miller said. Even the traditional chief financial officer role is changing as the CFO becomes "less of a bean counter and more strategic minded," adds Tassin.

The new, 2.0 version of Kentucky hospitals and the health-care model as a whole is emerging. With the value-based care tsunami that everyone is preparing for coming, hospital administrators will need to be prepared.

That likely won't happen in just one place, but through the incubation of ongoing dialogue, collaboration and an entrepreneurial resiliency in engaging new "architectural designs" of patient-care delivery, utilizing unlikely allies and untapped resources. Draconian thought processes are being cast off as administrators turned superheroes launch into new creations of care and new visions of how to lead them. ■

Dianne H. Timmering is a correspondent for The Lane Report. She can be reached at editorial@lanereport.com.

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2019 Looks Like a Good Year for Banking

Diversified economies and confident consumers will keep state's urban centers growing faster than the U.S. economy

KENTUCKY bankers had a successful, profitable 2018 – for some, record profits – and foresee more of the same in 2019. The major urban centers have the strongest economies, and their growth could be better than the nation as a whole, where forecasts currently call for another 2.5 percent expansion in GDP. Business clients are optimistic and investing in buildings, land, equipment and personnel because consumer confidence is good enough that households and businesses are willing to

increase their debt and continue to spend – except in areas where painful job losses in energy and related sectors are causing some residents to move ... to the urban centers. Health care, education, manufacturing, technology and basic entrepreneurship are all considered reliable growth drivers. Bankers like the Federal Reserve's signals that interest rate increases will be small and infrequent. Potential headwinds would come from outside the state if tariff battles escalate or a global slowdown cuts demand for exports.



Chuck Denny
Regional
President,
PNC Bank,
Louisville

“Greater Louisville continues to benefit from a strong and growing economy. We expect that trend to carry over through 2019, mainly because of our large, diverse, innovative industrial base and the positive impact of a major research university in the University of Louisville.

We continue to monitor tariffs, sector job cuts and interest rates, especially pertaining to exports and auto manufacturing. The regional economy is strong and there's no indication these industries will hit anything other than speed bumps, if that. Local consumer spending is strong, driving solid gains in retail, leisure and hospitality employment. Health care, education, manufacturing and technology also continue to be reliable growth drivers. Our diversity and strength, including a major research university, drives our ability to move forward during economic turbulence. The impact of Greater Louisville's growing entrepreneur and start-up economy and the focus on developing the infrastructure and ecosystems will continue to sustain innovation and growth.”



Louis Prichard
President/CEO,
Kentucky Bank

“The U.S. economy demonstrated solid 3.3 percent GDP growth in 2018, with unemployment close to 3.7 percent. Inflation is remaining at a safe 2 percent. Economists project about 2.5 percent GDP growth for 2019. The same can be said of economies in the markets

Kentucky Bank serves. Central Kentucky continues to be stable, with GDP growth around 2.3 percent in 2018 and similar expectations in 2019. We expect Kentucky unemployment just above 4.5 percent to remain close to that level throughout 2019, with Central Kentucky and Fayette County rates close to 3.6 percent. The Federal Reserve seems to have committed to fewer increases in interest rates. This should calm the markets after a bumpy last two months of 2018. Barring repercussions of the tariff disputes and the slowing of the global economy, we should have a solid year economically, both nationally and locally. Kentucky Bank is fortunate to be in 10 stable or growing markets, which allows us to grow while providing needed financial services for our clients and customers.”



Scott Cvenegros
Central
Kentucky
Market
President,
Old National
Bank

"Old National Bank remains optimistic about the Central Kentucky economy. We are proud to support projects such as City Center, renovation of the courthouse and affordable housing on North Limestone. The renovation of Rupp Arena and Lexington Convention Center along with the new hotels at City Center all point to continued growth in tourism for downtown

Lexington. However, Federal Reserve tightening and a flattening yield curve often lead to slowing in our nation's economy. The good news is that so far the Federal Reserve's tightening policy has kept inflation at a manageable rate, allowing long-term interest rates to remain low, which helps consumers on mortgages and auto loans. Unemployment remains very low, but disposable income is under significant pressure because wage gains are minimal while sales taxes, local taxes, surcharges, education costs and health-care costs continue to rise. Lower energy prices help to balance the rise in other consumer cost categories but that is often short term. Nonetheless, Old National's outlook for Central Kentucky is optimistic as our workforce is more highly educated, more productive and more affluent than many areas in the country."



Thomas F. Eller Jr.
Regional
President,
BB&T

"At BB&T, we believe the U.S. economy's underlying fundamentals support continued growth in 2019, albeit slower than last year given domestic political unrest, market volatility and increasing international tension. We see continued optimism from our clients, who are making investments in

building, acquiring land, equipment and personnel. As a result, we expect local companies to push for modest growth this year, especially in the manufacturing, construction, health care, automotive and technology sectors. On the consumer side, we see continued confidence as a result of a strengthening labor market, wage growth and lower income tax burdens, against a backdrop of muted inflation. In 2019, BB&T will continue to make significant technology investments aimed at enhancing the customer experience and reducing cyberrisk. We stand ready to provide capital to creditworthy borrowers to foster business growth and to provide advice to help our clients achieve economic success and financial security."



Jean R. Hale
Chairman,
President/CEO,
Community
Trust Bancorp
Inc.

"The economy entered 2019 with some uncertainty due to continued government division in Washington, including a recent shutdown. During 2018, improvement was evidenced by the Federal Reserve increasing interest rates and beginning to unwind its balance sheet as the country continued experiencing decreased

unemployment rates, increased business activity and consumer spending, and willingness to add debt. Inflation is at the expected manageable. Conditions in most Kentucky regions continue to be positive with low unemployment and increased business and consumer activity, resulting in pressure on wages as well as a strong competitive environment for loans and deposits. Eastern and northeastern Kentucky continue to struggle with outmigration from the impact less employment related to the energy industry. Community Trust Bancorp again met the challenges of operating in varying conditions in Kentucky, West Virginia and Tennessee and achieved record earnings in 2018. With our financial strength, the economic diversity of the geographic regions allows opportunity for the continued growth of Community Trust, although not always in each region."



Mike Ash
Kentucky
Regional
President, Fifth
Third Bank

"The U.S. economy will grow more slowly than last year, but still deliver above-trend growth. Kentucky business leaders remain positive about an economic expansion, yet some are anticipating slower growth rates. The National Federation of Independent Business reports 23 percent of small-business owners say the availability of qualified labor is their top business problem, compared to 15 percent citing taxes (up two points), 12 percent citing regulations and red tape, and 2 percent citing financing (down one point). Kentucky offers companies a low-cost environment with a skilled labor force and model transportation network to distribute products by air, rail, road and water. Companies considering a new headquarters or expansion location should consider business-friendly Kentucky. With the growth and return of manufacturing a U.S. economic trend, we are poised to be the hub for manufacturing and engineering excellence and benefit from this trend."



Luther Deaton Jr.
Chairman,
President/CEO,
Central
Bancshares Inc.

"Looking forward from early 2019, we expect Kentucky to grow faster than the national economy, based on above-average growth in Northern Kentucky, Louisville and Lexington. It's normal for those markets to outperform the nation as a whole. It appears that recent volatility in the

stock market may promote uncertainty that will slow 2019 performance across the country. Indications call for the Federal Reserve to keep interest rates near current levels, with only a slight expectation for an increase later in the year. Consumer spending has led the recovery and is providing growth in small business, especially in the service sector. Consumer confidence may produce renewed interest in housing, but inventories of available homes are still below the demand in most markets."



Tucker Ballinger
President/CEO,
Forcht Bank

"Expect another solid growth year in Kentucky as business expansion and consumer spending continues to steadily increase. The Louisville, Lexington and Northern Kentucky markets continue to lead the growth opportunities.

The tight labor market is the most commonly discussed issue among business owners and will continue to present challenges. The Federal Reserve communicates it is well positioned regarding rate increases, but added that the economy can change quickly, leaving room for them to make adjustments. This communication signaling a slowdown on the pace of increasing rates was very well received by business owners. The banking industry is performing extremely well, and most community banks are achieving record income. I anticipate we will see more industry consolidations as banks look to take advantage of economies of scale. The banking industry will continue allocating a significant amount of money to improve mobile technology as consumers and businesses want the convenience of utilizing their phones to conduct business." ■

SPOTLIGHT ON THE ARTS



Above: Hands Healing HeArts cofounder Doris Thurber (left) and her daughter Maya. Maya died in 2015 as a result of an overdose of heroin and fentanyl. Through the grieving process, Thurber was motivated to join other Frankfort-area artists to start Hands Healing HeArts.

Left: Self-portrait sculptures await installation prior to the Hands Healing HeArts exhibit in 2017 at Frankfort's Grand Theatre.

Hands Healing HeArts

The art of addiction recovery

BY CHRIS CATHERS

THE annual Kentucky Creative Industry Summit always promotes lively discussion on a variety of topics important to artists and arts leaders. One of the sessions at November's summit focused on two initiatives supported by the Kentucky Arts Council that involve the arts as a healing agent in the addiction recovery process. One of those initiatives, Hands Healing HeArts, is based in Frankfort and is a cooperative effort between local artists and Franklin County Drug Court.

Hands Healing HeArts works with Franklin County Drug Court using a variety of hands-on, multi-disciplinary artistic approaches with women in Drug Court to support their recovery. In weekly, court-mandated meetings led by Hands Healing HeArts artists, each woman is introduced to a variety of methods (writing, drama, music, sculpture and visual arts) by which she can explore her life experiences and

struggles, as well as new strategies to support her recovery, helping her move toward a healthier lifestyle.

Doris Thurber, one of the organization's founders, and Angie Boone, a graduate of the program, were recently guests for an episode of the arts council's podcast, KyArtsCast. Thurber's connection with the initiative is highly personal: In 2015 she lost her daughter, Maya, to a drug overdose of heroin and fentanyl.

The following text is an excerpt from the interview with Thurber and Boone:

"For a full year after Maya died, I was compelled to create art pieces that had her woven all through them. It took the form of huge collage pieces, paper glued onto cloth," Thurber said. "I incorporated photographs of her, incorporated words she'd written, artwork she had done in grade school, layers of things that reminded me of her, told a story about her. It made such a difference to me to have something to do with myself in the process, trying to integrate this new information in my life, create a new normal.

"At the end of that year, I had all these interesting pieces I wanted to share with the community. I created an art show that had those pieces. Integrated into that were writings Maya had done and I had done, and some of the messages that she left behind in very visible places that she

wanted her dad and me to find. ... It pointed out to us that we didn't want to keep going through with this with other people's children or parents or anyone.

"It wasn't long after that that two other artists (musician Joanna Hay and visual artist Jennifer Zingg, both of Frankfort) and I got together and created this idea. First it was a small idea, then as we talked it got bigger and bigger. This is our third year and we keep expanding."

The program has proven to be valuable to Boone as she continues her recovery.

"My road of addition was horrible. I would stop and start again. I lost everything. Lost grandkids, my oldest kid," Boone said. "When you stop and think about life in addiction, you see it's like you've got the devil and you can't knock him off your shoulder.

"Going into that room, though, was not just about drawing a picture. It's about being able to open up about your addiction."

According to information from Kentucky's Administrative Office of the Courts, there are drug courts in 113 of Kentucky's 120 counties. Thurber said that Hands Healing HeArts has as part of its mission a mandate to help other counties interested in starting a similar program with their own drug courts.

For the complete podcast interview with Hands Healing HeArts, go to KyArtsCast.ky.gov.

The arts council has also supported a similar initiative in Knott County, the Culture of Recovery, which involves patients at a nearby recovery center in creative activities like painting, blacksmithing and luthiery. We'll explore that story in a future column. ■



Hands Healing HeArts volunteers perform a readers theater piece written by theater arts program director Karen Hatter, using words taken from program participants' writings.



Chris Cathers is executive director of the Kentucky Arts Council.



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EMERGING LANE

Kentucky's young professionals and creatives



Reena Reyes photo

Salsa Center Dance Studio, which opened on Jan. 25 in Lexington, is the latest real estate and business venture from Reena and Abel Reyes.

Spicing Up the Social Scene

Salsa Center owners Reena and Abel Reyes say dancing provides a way to socialize while getting a great workout

SALSA dancing is so popular in Central Kentucky, the Salsa Center Dance Studio needed to double its space.

Last April, owners Reena and Abel Reyes purchased a building in south Lexington twice the size of their previous location around the corner. After gutting the building and doing a complete rehab, the couple opened the new space on Jan. 25. And that's just the first phase, because there's a full-size basement to turn into an entertainment venue and capture the nightlife crowd.

When it's finished, The Salsa Center on Lane Allen Road will have about 5,300 s.f. for the Reyeses to share their love of Latin dancing with locals and those who travel from other cities and states.

They started The Salsa Center in 2011 and bought their first real estate three years later.

"We completely turned it around and tripled the value," Reena Reyes said. "We sold it and invested in this new one."

She's had her real estate license nearly 12 years and works at Legacy Real Estate Firm. Her husband is a remodeler and got his general contractor license for their latest studio project.

"We are dancers and have that creative side," she said, adding that it's nice to work together on the business side as well. With a University of Kentucky finance and business degree, she gained industry experience by working at a title company and then was a loan officer. A friend suggested she try real estate "and I loved it."

Realtor by day and dance studio owner also by day (and evenings and weekends), Reyes considers herself fortunate to be able to balance her time with both ventures.

"Many artists are so passionate about their dance – and I am or I wouldn't have started this business – but it's hard for them to stay focused on the business side to survive," she said. "You have to charge. You have to make it a business to keep your doors open."

The Salsa Center is available as a venue rental, and Reyes wants to see other artists rent some space in the building and help the whole arts scene in town.

"We have beautiful floors, and the vision my husband had for the building is that it's not your ordinary dance studio."

Abel Reyes is from Havana, where he was in a band, so he knows all about

live entertainment and the importance of music in dance and in life.

Abel and Reena are both master instructors at The Salsa Center. They are well-known for teaching their students the Cuban dance called Rueda de Casino, an upbeat dance in a circle (rueda is the Spanish word for wheel) with synchronized dance moves. In February they started the Rueda Social Club, a twice-monthly membership program.

"You can learn the steps online," Reena Reyes said. "The highlight of what we offer is that you're with people. If you're not practicing with someone and changing partners, the whole 'fun' aspect goes away."

The Salsa Center offers a variety of lessons and classes for different types of Cuban salsa and other Latin dances like the cha cha chá, lambada and mambo.

"Our group classes are very popular," she said.

Many professionals like to attend a dance class after their 9-to-5 workdays. Dancing is a great way to exercise and checks all the boxes for physical, mental and emotional self-care.

"It's good for your soul," Reyes said. "Mentally, you have to learn something, practice and think about it to improve. The interaction with other people is social and related to emotional health."

Taking salsa on the road, The Salsa Center partnered last summer with Kentucky Castle, the landmark attraction in Woodford County, with Salsa in the Sky, a series of salsa lessons on the castle's rooftop entertainment space.

"It was a hit, a lot of fun," Reyes said. She expects the program to start back up in May.

To give back to the community, The Salsa Center teamed up with the Down Syndrome Association of Central Kentucky to offer free classes on Sundays in February and March.

"They have a lot of great people that love to dance," Reyes said. She approached the organization about developing the program. "I asked to speak to the executive director. We meshed immediately."

Reaching out, bringing people in, and welcoming one and all to experience the excitement of salsa, the Reyeses have created a business providing a social life for others. Reena Reyes said, "We want our customers to feel really good when they're in there."

— Kathie Stamps

The Voice of Appalachia

FOR nearly 50 years, Appalshop has been working to break stereotypes and report on authentic people and their struggles and triumphs living in Appalachia. According to its website, the Whitesburg-based nonprofit helps reimagine the Eastern Kentucky and Appalachia region by bringing forth new and often unheard voices and visions from the region's people to demonstrate the power of arts and culture in creating meaningful social and economic change.

Alex Gibson, Appalshop's executive director since 2014, says the organization began in 1970 after the U.S. Office of Economic Opportunity provided funding as part of efforts by then-President Lyndon B. Johnson and the Equal Employment Opportunity Commission to help the region diversify from fossil fuel extraction and change its perception among others outside the region.

A storytelling element driven by first-person narratives was born, relating the stories of coal miners, fast-food workers, truck drivers, activists, teachers, students, artists and others. It happens via video, radio on the Appalshop-owned WMMT, and live performances in its 150-seat theater.



Appalshop photo

"At the time, there were a lot of misrepresentations and characterizations of the region from people outside of the region," Gibson said. "Think 'Green Acres,' 'Hee-Haw' and 'The Beverly Hillbillies.'"

While Appalshop's mission has altered over time due to technology, socioeconomic changes and other factors, Gibson said, the heart of it hasn't changed. The organization continues doing everything it did upon its founding with no intent of deviating. To prepare and train a new generation of Appalachians in the art of storytelling, Appalshop runs a youth media training program out of its Boone Building, which was repurposed from a former car dealership building.

The program trains people to operate video equipment, tell stories and teaches photo, video and other advanced computer editing while it gets "students" to think critically and argue about the region as a way to construct impactful ideas and methods to address the problems they face.

Lending a hand to Appalshop's youth media training program and other facets of the operation is a staff of 18, set to grow soon to 22. One man who spent considerable time around Appalshop and giving back to his Eastern Kentucky community was the late Jim Webb, who died in October 2018. Webb, also known as "Wiley Quixote," had hosted the radio show "Ridin' Around Listening to the Radio" since 1985 on WMMT. The show developed a devout legion of fans due to Webb's contagious, outgoing personality.

"I can't overstate how important it is that people like Jim are part of our tapestry," Gibson said. "Jim was quirky – very quirky – and very smart. He made everybody feel welcomed. I came to Appalshop four years ago and he treated me like a friend from the beginning and did the same for many others, opening up his home and himself to be the butt of a joke, as well as making a few himself."

Appalshop has diversified revenue streams that are constantly fluctuating, according to Gibson. Currently the company receives 10 percent of its funding from earned income, 30 percent from federal and state taxes and grants, 45 percent from private foundations and 15 percent from individual donations. Gibson notes that current trends show government contributions on the decline and private donations on the rise. No matter the circumstances, Appalshop has adapted and thrived, providing a glimpse into the life of Eastern Kentucky and Appalachia like no other organization has done with any particular region before.

"To run a nonprofit in Appalachia on the scale of Appalshop, you cannot rely on any singular funding source," said Gibson. "You need to be creative and leave your doors open to new ideas."

Appalshop is currently in the midst of touring the state for its 50-year anniversary campaign. For more information and a schedule of events, visit Appalshop.org.

— Matt Wickstrom



Lexington ranks ninth on a recent study by SmartAsset looking at cities around the country with the best work-life balance.

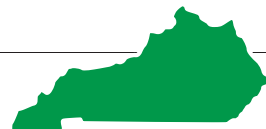
Lexington Gets High Marks for Work-Life Balance

A healthy work-life balance is something most U.S. professionals highly value, with 53 percent of employees saying that a job conducive to a greater work-life balance and improved personal well-being is "very important," according to Gallup's State of the American Workplace 2017 report. When SmartAsset recently ranked the best cities for a good work-life balance, Lexington landed at the No. 6 spot.

According to the study and U.S. Census Bureau data, housing costs average just 26 percent of income for the median full-time worker in Lexington, a primary factor in the Central Kentucky hub's strong ranking. The five cities ahead of Lexington were (1) Madison, Wis.; (2) Lincoln, Neb.; (3) Omaha, Neb.; (4) Henderson, Nev.; and (5) Boise, Idaho.

SmartAsset looked at data on the 100 largest cities in the country, analyzing metrics that included entertainment establishment density, dining establishment density, bar density, housing costs as a percent of income, average weeks worked per year, average hours worked per week, average commute time, percent of commutes that are at least an hour, unemployment rate and labor force participation rate.

For more details, visit SmartAsset.com.



The newly renovated main house at Hermitage Farm is an ideal corporate event site.

Land O' Goshen!

Renovated Hermitage Farm will showcase Kentucky's best

BY KATHERINE TANDY BROWN

PERHAPS you remember Hermitage Farm in Goshen, near Louisville, during its heyday under Warner Jones, its owner from 1936 to 1994. He's the only person to breed winners of the Kentucky Derby (won by the infamous Dark Star, which upset Native Dancer in 1953), the Kentucky Oaks and a Breeders' Cup race. In 1985, Jones broke a Keeneland Yearling Sales record with the \$13.1 million sale of Seattle Dancer. HRH Queen Elizabeth paid the farm a visit the following year. Thoroughbred history to the max.

No way the public can set foot on this showplace, right? Wrong!

That's thanks to Hermitage's current owners, the husband-and-wife entrepreneurial team of Laura Lee Brown and Steve Wilson (owners of 21c

Museum Hotels and the Kentucky Bison Co.), who bought the 700-acre farm in 2010. The couple is giving Hermitage an enormous facelift with plans to morph the property into a top-class tourist attraction, event space and a showplace that celebrates Kentucky's quintessential industries: food, bourbon, and horses.

Phase one of the project has already been completed, adding expanded event and meeting spaces with amenities such as Wi-Fi, smart TVs, USB ports and audio-visual capacities. Five bedrooms in the handsome, circa 1853 restored brick mansion – which in the past served as the owners' residence – now sleep up to 10 guests, while a transformed smokehouse with a sitting room, bathroom and loft bedroom, sleeps four. Either can serve as a corporate event site, depending on the group size.

In addition, the main house has a splendid dining room table that seats 20, with a horse-pasture view, and two sitting rooms for breakouts. In a gourmet kitchen, groups can choose to cook their own meals, bring in catered food or hire a chef from a "recommended" list.

"Hermitage is a place where you can step way out of the box of your office and traditional boardroom," says Ashleigh McLean, director of marketing and events for the historic farm. "The layout of the house with contemporary art throughout gets attendees thinking differently, more creatively."

A working Thoroughbred farm for nearly 100 years, the property continues as such, and walking tours led by hands-on farm staff are a specialty, for both meetings attendees and tourists. Overnight and day retreats can last for any part or all of the day and evening. A group might meet during the day, break for an afternoon walking tour in the fresh air, and reconvene for dinner at the main house. Available add-on options include bourbon tastings, teambuilding activities, caterers and private chefs.

"Planners can bring in whatever they want or tell us what they need," McLean says, "and we can help them make those connections easily."

Another part of phase one is the conversion of an old stud barn into a space for larger meetings, events and dinners for



Meeting spaces at Hermitage Farm are filled with natural light.

Right: The farm's former smokehouse has been completely renovated and now serves as a guest house that sleeps up to four.

Below: The Hermitage library.



up to 50. On Oaks Day 2018, 600 guests attended its grand opening. The structure contains a horse-drawn carriage exhibit and a couple of video displays, one detailing the farm's illustrious racehorse history and another explaining the sport of carriage driving. The facility also houses Steve Wilson's carriage-driving horses and their equipment. An active participant in combined driving and eventing, Wilson competed last year for Team USA in the world championships in Slovenia.

For years, the farm has hosted the Hermitage Classic, a three-day-long combined driving competition. Recently re-named the Kentucky Classic, the exciting event – which includes a family-friendly festival – now alternates its location every other year between Hermitage (the 2018 host) and Misdee Wrigley Miller's Hillcroft Farm in Paris, Ky.

Now in progress, phase two of the Hermitage metamorphosis is anchored by Barn 8, an old dairy barn that later became a horse barn. The sturdy structure is being converted to a 100-seat restaurant that will offer bourbon tastings and boxed lunches during the day and a full-service restaurant at night. The upstairs hayloft will become an event space for 225 seated guests.



"The space is almost cathedral-like, perfect for corporate retreats, weddings and private dinners," says Harvard-trained architect Haviland Argo, project manager of the Hermitage transformation, and also construction overseer of several of the 21c hotels, including the Louisville flagship.

A planned 10-acre garden nearby will supply a farm store and country stores within the barn and make the restaurant truly farm-to-table. There'll be communal dining on long tables down the center aisle, with some overlooking the kitchen. Horse stalls are becoming four private dining rooms.

Wilson and Brown's nearby 1,000-acre Woodland Farm will supply bison, heritage hogs, roaster chickens and fresh eggs. Surrounding farms will furnish local cheeses and other delicacies.

Guests can taste all bourbons on the Kentucky Bourbon Trail in three areas – a beginners' classroom, a bourbon cocktail-making area, and a VIP area for experts – then purchase their favorites at a bourbon package store.

Yet another building phase will convert a polo barn into a visitor center, retail space, farm offices and gardening staff quarters. A 3,500-s.f. greenhouse will nurture flowers and vegetables year-round.

Though the multifaceted project seems huge, Argo says, "I believe we've passed our biggest hurdles. We're due to open in October 2019 and will be taking restaurant reservations soon."

Because the owners collect contemporary art by living artists, the enterprise will feature an exciting art aspect that's still under wraps. Pieces of their collection brighten up rooms and roofs of 21c Museum hotels.

Argo laughs. "It wouldn't be a project by Steve and Laura Lee if it didn't have a cool art component."

What's special about the project, he says, is that it comes from a desire to save Kentucky farmland and to share the gorgeous rolling green hills with visitors.

"Steve and Laura Lee purchased Hermitage to keep it from being developed as a 500-house subdivision," says Argo, who grew up on a Cynthiana farm. "We're working hard to put it into conservation easement, so except for the restaurant area, it can never be developed for anything but agricultural use. It's completely hidden from view from U.S. 42. So this land will remain a beautiful horse farm in perpetuity."

To reserve Hermitage's existing meeting and event spaces – the main house, smokehouse and tents on the grounds, call Ashleigh McLean at (502) 228-1426. You can book farm-staff-led tours at horsecountry.com, or call the farm directly at the above number. See what's in store at hermitagefarm.com. ■

Katherine Tandy Brown is a correspondent for The Lane Report. She can be reached at editorial@lanereport.com.



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The Challenges Facing Kentucky's Children

BY ERIC T. CLARK

IT is a staggering, record-high number in Kentucky: 10,000 kids in foster care.

Here is another number: 800. That's how many adults gathered in early January for the inaugural Transformers of Child Welfare Summit. These were social workers, judges, educators, government officials, faith-based community leaders, parents, relatives and others. They are all committed to improving our child welfare system and the lives of Kentucky children.

Summit participants heard from state and national experts, shared ideas, traded resources, and made plans to dig into the complex issues ingrained into our child welfare system, which includes foster care, adoption, relative caregiving, prevention services and many other support services.

We have initiated the process of working toward a holistic, collaborative approach to improving child welfare. The 800 participants at the summit represent just a portion of those dedicated to supporting families across our commonwealth.

One word best describes the scope of our challenges and opportunities: overwhelming.

It's overwhelming to see the number of children in foster care and consider the complexities of all the lives affected. But it's also overwhelming to see the committed stakeholders who have come alongside and invested in our transformation efforts. While the current system faces challenges that can seem overwhelming, the opportunities to make a positive difference are even greater.

This collective partnership is essential in making improvements. Anyone expecting the government to overhaul child welfare on its own is going to be disappointed. The success of our child welfare system belongs to all of us, and we all have valuable roles in supporting families and children within our communities.

Identifying your role in transforming a large, complex system such as child welfare can be intimidating. This led the Department for Community Based Services (DCBS) to simplify our strategies into three data-informed goals that build upon each other and will transform our system in a sustainable way:

- Safely reduce the number of children placed in a foster care setting.



- Improve timeliness of placing children in an appropriate permanent home.

- Reduce caseloads for our social workers.

Given the large number of children placed in foster care, our social workers are often overwhelmed with high caseloads. If we can safely reduce the number of children entering into foster care, social worker caseloads become more manageable. When front-line workers have manageable caseloads, there is capacity to reduce the amount of time a child is in foster care. It currently takes an average of 36 months for a child to be adopted in Kentucky. Three years of a child's life without the certainty of a forever home is far too long.

Every child deserves a safe and loving forever home. To be clear, home is not a physical address but a state of acceptance, love and security that resides within the heart of a child. Permanency can mean reunifying the child back to their own home of origin – when it's safe. It can also mean other stable placements like adoption.

I urge every Kentuckian to ask, how can I be a part of the solution? What are the needs of families and children within my community? Am I willing to lend a hand when a parent needs help? Am I interested in fostering or adopting a child?

We're already seeing signs of encouragement: The number of

children in care has started to decrease over the last three months, but it is still far too high. As we move forward, acknowledging significant milestones will help us to build upon our positive momentum.

Each one of us has a role in child welfare transformation. It's going to take everyone – neighbors, lawmakers, school resource officers, judges, health professionals, parents, and, yes, you – to make the difference.

The challenge is before us – all of us – to make Kentucky the “gold standard” for child welfare nationally. We are committed to seizing this unprecedented opportunity to transform a system that will better the lives of children and families. This is not one agency changing one thing. It is all of us being committed to changing the future of our state by changing the trajectory of our next generation.

It is overwhelming, but nothing life changing is anything less.

It's time we embrace what overwhelms us to complete our most important mission: improving the lives of Kentucky's families and vulnerable children.

To learn more about how you can get involved, go to: prdweb.chfs.ky.gov/kfaces. ■

Eric T. Clark is Commissioner of the Kentucky Department for Community Based Services.

University of the Cumberland's Among Nation's First to Offer Master's in Blockchain Tech

UNIVERSITY of the Cumberland's will be the first university in the state – and one of the first in the nation – to offer a graduate degree in blockchain technology when it launches its new Master of Science in Global Business with Blockchain Technology (MS-Blockchain) program this summer.

Blockchain is a digital, distributive ledger that supports bitcoin, ether and bitcoin cash. It is a shared, public ledger of transactions that anyone can impact and no single entity controls. Essentially, it's a spreadsheet in the sky.

To simplify: When someone goes to a store and buys a pack of gum, that person has completed a transaction between themselves and the store. Businesses keep records of all their transactions in order to track their profit, order correct amounts of inventory, recognize any security leaks, and so on. Blockchain is a form of technology that lets companies track all of that more securely and efficiently.

And it is taking the world of transactions by storm.

Major banks and corporations around the world are already exploring the technology's potential. A recent survey by PwC discovered that 84 percent of businesses are actively involved with blockchain. Companies like Amazon, FedEx and UPS, which rely on dependable supply chain management and shipping logistics, have already jumped aboard the blockchain train, and Walmart announced in December that it will soon begin requiring produce suppliers to contribute to a blockchain database so the company can pinpoint contamination more rapidly. A report by the review site Glassdoor showed that as of August 2018, U.S. companies had posted 1,775 vacancies in jobs directly related to blockchain technology and it was identified as the No. 1 emerging job in 2018 by LinkedIn.

With the combination of the ubiquitous nature of stored information and the associated risks of fraud, the field of blockchain technology can fill a critical need for almost every organization. Businesses' booming need of cutting-edge technology entails the consequent necessity of employees who understand how to use it.



"This blockchain degree is for active professionals in information technology, business, health care, etc., who want to advance their careers and build upon the skills they already possess," said Donnie Grimes, vice president for information services at Cumberland's. "The program will provide a robust, comprehensive education on blockchain technology's reach and usage. We want our students as prepared as possible to

navigate the dynamic field of cryptocurrency well, manage technology with excellence and bolster their reputation within their careers."

The program will be offered entirely online, though students who wish to include a residency component in their education may do so through Cumberland's executive degree program format. Since blockchain's influence is so vast, the program's focus will be on identifying potential novel applications of the technology in many fields, such as accounting, human resources, marketing, banking, supply chain management, voter registration and real estate.

"Blockchain is much more than cryptocurrency; it's the most groundbreaking technology since the internet," said Lois McWhorter, department chair of the Hutton School of Business at Cumberland's. "It will completely revolutionize standard business practices. With how prominent blockchain is in the marketplace, employers have a massive need to fill positions with people who are well-versed in this technology."

The university is considering adding an undergraduate blockchain elective course in the coming years. The success of that course will help determine the possible addition of a full undergraduate degree program introducing blockchain to undergraduate students in the future.

More information on blockchain technology – what it is, how it works and what it means to the public – is available on Cumberland's website at ucumberlands.edu/blockchain.



Could Brushing Your Teeth Keep Your Brain Healthy?

A research team that includes a University of Louisville scientist has identified a bacterium commonly associated with chronic gum disease that appears to drive Alzheimer's disease pathology.

Jan Potempa, a researcher in the UofL School of Dentistry's Department of Oral Immunology and Infectious Diseases, was part of the team of international scientists led by Cortexyme Inc., a privately held, clinical-stage pharmaceutical company. Their findings were recently published in *Science Advances*, detailing how the *Porphyromonas gingivalis* (Pg) bacterium was identified in the brains of patients with AD.



Jan Potempa, Researcher, University of Louisville School of Dentistry's Department of Oral Immunology and Infectious Diseases

According to Potempa, although infectious agents have been implicated in the development and progression of Alzheimer's disease, the evidence of causation hasn't been convincing.

However, "we now have strong evidence connecting *P. gingivalis* and Alzheimer's pathogenesis, but more research needs to be done before *P. gingivalis* is explicitly implicated in the causation or morbidity of AD.

In animal models, oral Pg infection led to brain colonization and increased production of amyloid beta, a component of the amyloid plaques commonly associated with AD.

"An even more notable aspect of this study is demonstration of the potential for a class of molecule therapies targeting major virulence factors to change the trajectory of AD, which seems to be epidemiologically and clinically associated with periodontitis," Potempa said.

KENTUCKY PEOPLE

CLERMONT

BERNHEIM'S DAN PASCUCCI RECEIVES NATIONAL AWARD FOR WORK AS A CREATIVE INTERPRETER



The National Association for Interpretation (NAI) Sunny Southeast Region has recognized Bernheim Family and Youth Program Manager Dan Pascucci as the Outstanding Interpreter of 2019. NAI is a professional association for those involved in the interpretation of natural and cultural heritage resources and honors interpreters for their outstanding achievements in interpretation through education, inspiration, storytelling and the ability to guide others to the beauty and majesty of nature. Pascucci, fondly known as "Mr. Dan," was recognized for connecting people with nature, making environmental education fun and using music as an educational tool.

LEXINGTON

KENTUCKY AG DEPARTMENT HONORS CRANK & BOOM'S TOA GREEN FOR HER COMMITMENT TO 'BUY LOCAL'

Kentucky Dept. of Agriculture photo



Toa Green (right), co-owner of Crank & Boom Ice Cream of Lexington, was recently honored by Agriculture Commissioner Ryan Quarles during a meeting of the Kentucky Proud Advisory Council in recognition of the establishment meeting its lifetime cap on state reimbursements for local food purchases through the Kentucky Department of Agriculture's "Buy Local" program. Participating restaurants and other food services may be reimbursed 15 percent of the cost of eligible Kentucky Proud products up to \$12,000 per year, with a lifetime cap of \$36,000.

OWENSBORO

MALCOLM BRYANT AND TERRY WOODWARD ARE NEWEST INDUCTEES INTO OWENSBORO BUSINESS HALL OF FAME

Amy Douglas photos



The Owensboro Business Hall of Fame recently honored its newest inductees, Malcolm Bryant and Terry Woodward, at an event held at the newly constructed International Bluegrass Museum. Bryant (left) is co-founder of the Malcolm Bryant Corp., a commercial real estate development and property management company headquartered in Owensboro. Woodward (right) is president of Wax Works Video Works, a DVD distribution company that has deep roots in Owensboro.



HAZARD

KY POWER ESTABLISHES SCHOLARSHIPS FOR WOMEN AND MINORITIES



Kentucky Power has established two scholarships in an effort to encourage more women and minorities to become line mechanics. The scholarships are open to students at Ashland Community and Technical College and Hazard Community and Technical College. Pictured here at the formal signing of the agreement are Greg Sparkman, Hazard district manager for Kentucky Power, and Jennifer Lindon, president and CEO of Hazard Community and Technical College.

BOWLING GREEN

STEPHANIE MILLS NAMED 2018 FINANCIAL LITERACY TEACHER OF THE YEAR



The Kentucky Jump\$tart Coalition for Personal Financial Literacy recently honored Stephanie Mills of Bowling Green as the 2018 Financial Literacy Teacher of the Year. Mills teaches financial literacy at South Warren High School and is presently serving on the Kentucky Department of Education's Financial Literacy Revision & Writing Committee to develop standards for the new financial literacy requirement in the 2018 House Bill 132. The bill calls for students to complete one or more courses or programs that meet financial literacy standards prior to graduation, starting with freshmen entering high school in the 2020-2021 school year.



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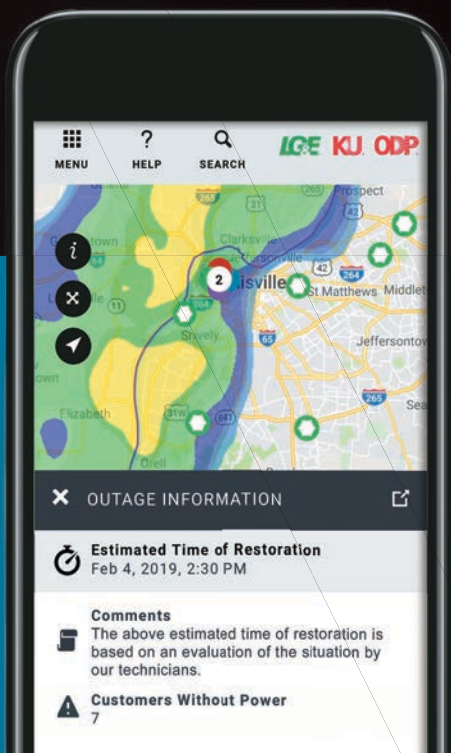
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